

# **Energy Direct Limited**

Annual report and financial statements  
for the year ended 31 December 2006

Registered number 3696638



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## **Directors' report**

### **For the year ended 31 December 2006**

The directors present their annual report on the affairs of the company, together with the financial statements and the independent auditors' report, for the year ended 31 December 2006

#### **Principal activities and business review**

The company is a group finance company with no trading activities

The financial statements for the year ended 31 December 2006 are set out on pages 4 to 9. The profit for the year after taxation was £6,551,970 (2005 £6,870,566)

The directors do not propose a dividend for the year

#### **Research and development**

The company's activities do not lend themselves to research and development

#### **Future outlook**

It is the directors' intention that the main purpose of this company is to continue to offer financing to its fellow subsidiaries within the RWE Npower Holdings plc group for the foreseeable future

#### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of RWE AG, which include those of the company, are discussed on page 78 to 83 of the group's annual report which does not form part of this report

#### **Key performance indicators ("KPIs")**

The directors of RWE AG manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Energy Direct Limited

#### **Financial risk management**

The company does not use financial instruments

#### **Directors and their interests**

The Directors who held office during the year are given below

L Boss

J Keene

M Bowden (Resigned 20 November 2006)

No director held any interests in the company at 31 December 2006 and 31 December 2005. The company is a wholly owned subsidiary of an ultimate parent undertaking incorporated outside Great Britain. As permitted by statutory instrument, no disclosure is made of any interest of the directors in the shares or share options of that company

#### **Directors' emoluments**

The Directors were paid through RWE Npower plc and received no remuneration for their services to Energy Direct Limited

According to the register required to be kept under section 325 of the Companies Act 1985 none of the Directors of the Company at 31 December 2005 and 31 December 2006 held any interest in shareholdings, share options or debentures of group companies incorporated in the United Kingdom. As permitted by statutory instrument, the register does not include shareholdings of Directors in companies incorporated outside Great Britain

## **Directors' report (continued)**

### **For the year ended 31 December 2006**

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure of information to auditors**

The directors confirm, so far as each director is aware, that there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditors**

Pursuant to Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will continue to act as auditors of the Company.

Pursuant to Section 366A of the Companies Act 1985 the Company has dispensed with the obligation to hold an annual general meeting and pursuant to Section 379A the Company has dispensed with the requirement to lay accounts before a general meeting.

On behalf of the Board



**Jason Keene**  
Director

30 August 2007

Windmill Hill Business Park  
Whitehill Way  
Swindon  
SN5 6PB

## **Independent Auditors' Report**

### **For the year ended 31 December 2006**

#### **Independent auditors' report to the members of Energy Direct Limited**

We have audited the financial statements of Energy Direct Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

30 August 2007

**Profit and loss account**  
**For the year ended 31 December 2006**

	<i>Notes</i>	2006 £'000	2005 £'000
Administrative expenses		(3)	-
<b>Operating loss</b>	<b>2</b>	<b>(3)</b>	<b>-</b>
Interest receivable and similar income	3	9,370	9,816
Interest payable and similar expenses	4	(7)	-
<b>Profit on ordinary activities before taxation</b>		<b>9,360</b>	<b>9,816</b>
Taxation on profit on ordinary activities	5	(2,808)	(2 945)
<b>Profit for the financial year</b>		<b>6,552</b>	<b>6,871</b>

All results above are derived from continuing activities

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year and their historical cost equivalents

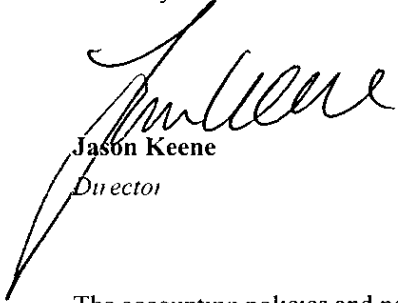
The Company has no recognised gains or losses other than these included in the profit and loss account above and therefore no statement of total recognised gains losses has been presented

The accounting policies and notes on pages 6 to 9 form an integral part of these financial statements

**Balance sheet**  
**As at 31 December 2006**

		2006 £'000	2005 £'000
	<i>Notes</i>		
<b>Current assets</b>			
Debtors	6	234,422	228,175
<b>Creditors, amounts falling due within one year</b>	7	(2,815)	(3,120)
		<hr/>	<hr/>
<b>Net assets</b>		231,607	225,055
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called-up share capital	8	214,914	214,914
Share premium account	9	2,862	2,862
Profit and loss account	9	13,831	7,279
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	10	231,607	225,055
		<hr/>	<hr/>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 30 August 2007 and signed on their behalf by

  
**Jason Keene**  
Director

The accounting policies and notes on pages 6 to 9 form an integral part of these financial statements

## Notes to the financial statements

### For the year ended 31 December 2006

#### 1 Statement of accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

#### Cash flow statement and related parties

The Company is a wholly-owned subsidiary of RWE AG and is included in the consolidated financial statements of RWE AG, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the RWE AG group or investees of the RWE AG group.

#### Interest

Interest receivable and payable is credited or charged to the profit and loss account on an accruals basis.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

#### 2 Operating loss

Loss is stated after charging

	2006 £'000	2005 £'000
Auditors' remuneration	<u>3</u>	<u>-</u>

Auditors' remuneration relates entirely to audit services.

#### 3 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable and similar income on inter-company loan	9,370	9,794
Other interest receivable and similar income	<u>-</u>	<u>22</u>
	<u>9,370</u>	<u>9,816</u>



**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**4 Interest payable and similar expense**

	2006 £'000	2005 £'000
Other interest payable and similar expense	<u>7</u>	<u>-</u>
	<u>7</u>	<u>-</u>

**5 Taxation on profit on ordinary activities**

	2006 £'000	2005 £'000
Current tax		
Group relief payable	<u>2,808</u>	<u>2,945</u>

The current tax charge for the year is the same as (2005 – the same as) the standard rate of corporation tax in the UK (30%)

**6 Debtors**

	2006 £ 000	2005 £'000
Amounts falling due within one year		
- Amounts owed by group undertakings	234,422	228,173
- Prepayments and accrued income	-	2
	<u>234,422</u>	<u>228,175</u>

On 30 December 2006 a loan of £234,324 249 was made to an intermediate parent company, RWE Npower plc. The loan is unsecured and repayable on 31 December 2007. Interest is charged at twelve month LIBOR rate as at 29 December 2006 less 0.5% and is repayable on termination or repayment of the principal.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**7 Creditors amounts falling due within one year**

	2006 £'000	2005 £'000
Amounts due to group undertakings	2,808	3,120
Accruals	7	-
	<hr/> 2,815	<hr/> 3,120
	<hr/>	<hr/>

Amounts due to group undertakings relate entirely to group relief payable

**8 Called-up share capital**

	2006 £ 000	2005 £'000
<i>Authorised</i>		
214,914,912 ordinary shares of £1 each	<hr/> 214,915	<hr/> 214,915
<i>Allotted and fully paid</i>		
214,913,914 ordinary shares of £1 each	<hr/> 214,914	<hr/> 214,914
	<hr/>	<hr/>

**9 Reserves**

	Share premium £'000	Profit and loss £ 000	Total £'000
At 1 January 2006	2,862	7,279	10,141
Profit for the financial year	-	6,552	6,552
	<hr/> 2,862	<hr/> 13,831	<hr/> 16,693
At 31 December 2006	<hr/>	<hr/>	<hr/>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**10 Reconciliation of movement in shareholders' funds**

	2006 £'000	2005 £'000
Opening shareholders' funds	225,055	218,184
Profit for the financial year	<u>6,552</u>	<u>6,871</u>
Closing shareholders' funds	<u>231,607</u>	<u>225,055</u>

**11 Financial commitments**

The company had no financial commitments as at 31 December 2006 (2005 nil)

**12 Ultimate controlling party**

The immediate parent undertaking is Energy Direct Supply Limited. The directors regard RWE AG, a company incorporated in Germany, as the ultimate parent company and the ultimate controlling party.

RWE AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements are available from RWE AG, Opernplatz 1 45128 Essen, Germany.