

# **Energy Direct Limited**

Annual report and financial statements

For the year ended

31 December 2011

Registered number 03696638

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## **Annual report and financial statements**

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## **Directors' report for the year ended 31 December 2011**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

### **Principal activities**

The company is a group finance company with no trading activities

### **Future outlook**

It is the directors' intention that this company is to continue to offer financing to its fellow subsidiaries within the Energy Direct Limited 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 87 to 95 of the group's annual report which does not form part of this report

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

The directors of the Company do not primarily focus their management of the activities of the Company or wider group on a legal entity basis. Instead business performance is monitored, assessed and managed across six Performance Units (PU's) covering all of the RWE Npower plc Group's commercial activities in the UK. These PU's are supported by a number of central functions that provide a range of services including finance, tax, strategy and HR. Each PU is managed in particular against a number of key performance indicators that cover a range of financial, service delivery, efficiency and operational measures. The operations and activities of the Company and the other entities within the Group are allocated across these PU's. Therefore the Company's directors do not set KPIs at a legal entity level, and as a result such KPIs are not presented for the Company

### **Results and dividends**

The Company's profit for the year ended 31 December 2011 after taxation is £2,543,000 (2010 £1,320,000)

The directors do not recommend payment of a dividend (2010 £nil)

### **Directors**

The directors who held office during the year and up to the date of signing of the financial statements are given below

Mr Jason Keene

Mrs Lynne Boss

### **Directors' indemnity**

The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision was in force throughout the last financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors

### **Charitable and political donations**

No charitable or political donations were made during the year (2010 nil)

## **Directors' report for the year ended 31 December 2011 (continued)**

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

The directors are responsible for preparing the directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 who held office as at the date of approval of this report confirm the following:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- The directors have taken steps that ought to have been taken as a director in order to become aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Jason Keene  
**Director**  
24 May 2012

Windmill Hill Business Park,  
Whitehill Way,  
Swindon,  
SN5 6PB

## **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 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Statement of directors' responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Kerr (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 May 2012

**Profit and loss account for the year ended 31 December 2011**

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest receivable and similar income	3	3,460	1,833
<b>Profit on ordinary activities before taxation</b>	2	3,460	1,833
Tax on profit on ordinary activities	4	(917)	(513)
<b>Profit for the financial year</b>	8	2,543	1,320

All results relate to continuing operations

The Company has no recognised gains and losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented

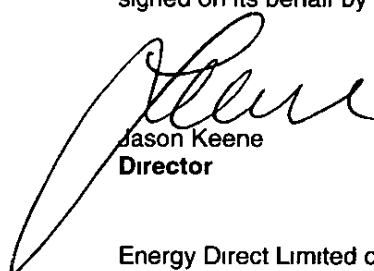
There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

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

**Balance sheet as at 31 December 2011**

	Note	31 December 2011 £'000	31 December 2010 £'000
<b>Current assets</b>			
Debtors	5	247,951	245,006
Creditors amounts falling due within one year	6	(917)	(515)
<b>Net assets</b>		<u>247,034</u>	<u>244,491</u>
<b>Capital and reserves</b>			
Called up share capital	7	214,914	214,914
Share premium account	8	2,862	2,862
Profit and loss account	8	29,258	26,715
<b>Total shareholders' funds</b>	9	<u>247,034</u>	<u>244,491</u>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 24 May 2012 and were signed on its behalf by



Jason Keene  
Director

Energy Direct Limited company number 03696638

The 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 2011

### 1 Accounting policies

#### (i) **Basis of preparation of financial statements**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies are set out below. These policies have been applied consistently.

#### (ii) **Cash flow statement**

The Company is a wholly owned subsidiary of RWE AG and its results are included in the consolidated financial statements of RWE AG, which are publicly available. The company, on this basis, is exempt from the requirements of FRS 1 (revised 1996) to present a cash flow statement.

#### (iii) **Interest**

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

#### (iv) **Taxation**

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The charge for taxation is based on the profit for the financial year and takes into account deferred tax. In accordance with Financial Reporting Standard (FRS) 19, 'Deferred taxation', deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax assets are recognised to the extent that they are regarded recoverable and that there will be suitable taxable profits from which the future reversal can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis.

#### (v) **Related parties**

Under FRS 8 the company is exempt from the requirement to disclose related party transactions within the RWE AG group and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of RWE AG, a company registered in Germany.

### 2 Profit on ordinary activities before taxation

The audit fee in 2011 and 2010 was borne by RWE Npower plc, an intermediate parent undertaking.

The company has no employees. The directors were paid through RWE Npower plc and received no remuneration for their services to Energy Direct Limited.



## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 3 Interest receivable and similar income

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest receivable from group undertakings	3,460	1,833

### 4 Tax on profit on ordinary activities

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Current tax		
Group relief payable	(917)	(513)

The current tax charge for the year is the same as (2010 same as) the standard rate of corporation tax in the UK of 26.5% (2010 28%)

#### Factors that may affect future tax charges:

During the year the main rate of UK Corporation tax was reduced from 28% to 26%, which was substantively enacted on 29 March 2011 and is effective from 1 April 2011

In addition a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

### 5 Debtors

	31 December 2011 £'000	31 December 2010 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	247,951	245,006

On 28 December 2011 the Company settled, in full, the loan entered into with RWE Npower plc on 29 December 2010, plus associated interest, for £248,429,997. On 28 December 2011 the Company entered into a new loan agreement with RWE Npower plc for £247,915,431. The loan is unsecured and bears interest at the twelve month LIBOR rate as at 29 December 2011, less a margin of 10 basis points (0.10%) and is repayable on 27 December 2012. The all in effective rate is 1.77%.

Amounts owed by group undertakings also include accrued interest receivable on the inter-company loan agreements.

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**6 Creditors. amounts falling due within one year**

	31 December 2011 £'000	31 December 2010 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	(917)	(513)
Accruals	-	(2)
	<u>(917)</u>	<u>(515)</u>

Amounts owed to group undertakings relate entirely to group relief payable. These balances are unsecured and bear no interest.

**7 Called up share capital**

	31 December 2011 £'000	31 December 2010 £'000
<i>Allotted and fully paid</i>		
214,913,914 (2010: 214,913,914) ordinary shares of £1 each	214,914	214,914
	<u>214,914</u>	<u>214,914</u>

**8 Reserves**

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2011	2,862	26,715	29,577
Profit for the financial year	-	2,543	2,543
	<u>2,862</u>	<u>29,258</u>	<u>32,120</u>
31 December 2011	2,862	29,258	32,120

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**9 Reconciliations of movements in shareholders' funds**

	31 December 2011 £'000	31 December 2010 £'000
Opening shareholders' funds	244,491	243,171
Profit for the financial year	2,543	1,320
Net addition to shareholders' funds	2,543	1,320
Closing shareholders' funds	247,034	244,491

**10 Ultimate controlling party**

The Company's immediate parent company is Energy Direct Supply Limited, a company incorporated in Great Britain and registered in England and Wales

The Company's ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of RWE AG consolidated financial statements can be obtained from RWE AG, Opernplatz 1, 45128 Essen, Germany