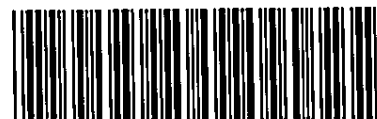


Energy Direct Limited

Annual report and financial statements for the year ended 31 December 2008

Registered number 3696638

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Directors' report

For the year ended 31 December 2008

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 2008.

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 2008 are set out on pages 5 to 10. The profit for the year after taxation was £8,752,252 (2007: £8,285,526).

During the year a dividend of £nil (2007: £10,000,000) was paid.

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 101 to 108 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

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

L Boss
J Keene

Directors' report (continued)

For the year ended 31 December 2008

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

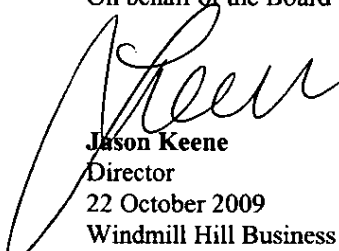
The directors confirm, so far as each director is aware, that there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information 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
22 October 2009
Windmill Hill Business Park
Whitehill Way
Swindon
SN5 6PB

Independent auditors' report to the members of Energy Direct Limited

For the year ended 31 December 2008

We have audited the financial statements of Energy Direct Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. 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 annual report and 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 whether 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

**Independent auditors' report to the members of Energy Direct Limited
(continued)**

For the year ended 31 December 2008

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 2008 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
26 October 2009

Profit and loss account
For the year ended 31 December 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Operating profit	2	-	-
Interest receivable and similar income	3	12,245	11,913
Interest payable and similar expenses	4	(4)	(76)
Profit on ordinary activities before taxation		12,241	11,837
Taxation on profit on ordinary activities	5	(3,489)	(3,551)
Profit for the financial year		8,752	8,286

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 7 to 10 form an integral part of these financial statements.

Balance sheet
As at 31 December 2008

		2008 £'000	2007 £'000
	<i>Notes</i>		
Current assets			
Debtors	7	242,136	233,492
Creditors: amounts falling due within one year	8	(3,491)	(3,599)
		<hr/>	<hr/>
Net assets		238,645	229,893
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	9	214,914	214,914
Share premium account	10	2,862	2,862
Profit and loss account	10	20,869	12,117
		<hr/>	<hr/>
Equity shareholders' funds	11	238,645	229,893
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 22nd October 2009 and signed on their behalf by:


Jason Keene
Director

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2008

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 profit

The audit fee in 2007 and 2008 was borne by RWE Npower plc, an immediate 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.

3 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable and similar income on inter-company loan	<u>12,245</u>	<u>11,913</u>

4 Interest payable and similar expense

	2008 £'000	2007 £'000
Other interest payable and similar expense	<u>(4)</u>	<u>(76)</u>

Notes to the financial statements (continued)
For the year ended 31 December 2008

5 Taxation on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
Group relief payable	<u>(3,489)</u>	<u>(3,551)</u>

The current tax charge for the year is the same as (2007: the same as) the standard rate of corporation tax in the UK 28.5% (2007: 30%).

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

6 Dividends

	2008 £'000	2007 £'000
Equity - Ordinary		
Final paid: nil (2007: 0.0465p) per share	<u>-</u>	<u>10,000</u>

7 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>242,136</u>	<u>233,492</u>

On 29 December 2008 a loan of £242,083,837 was made to an intermediate parent Company, RWE Npower plc. The loan is unsecured and repayable on 29 December 2009. Interest is charged at twelve month LIBOR rate as at 29 December 2008 less 0.5% and is repayable on termination or repayment of the principal.

8 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts due to group undertakings	(3,489)	(3,551)
Accruals	(2)	(48)
	<u>(3,491)</u>	<u>(3,599)</u>

Amounts due to group undertakings relate entirely to group relief payable.

Notes to the financial statements (continued)

For the year ended 31 December 2008

9 Called-up share capital

	2008 £'000	2007 £'000
<i>Authorised:</i>		
214,914,912 ordinary shares of £1 each	<u>214,915</u>	<u>214,915</u>
<i>Allotted and fully paid:</i>		
214,913,914 ordinary shares of £1 each	<u>214,914</u>	<u>214,914</u>

10 Reserves

	Share premium £'000	Profit and loss £'000	Total £'000
At 1 January 2008	2,862	12,117	14,979
Retained profit for the financial year (note 11)	-	8,752	8,752
	<u>2,862</u>	<u>20,869</u>	<u>23,731</u>
At 31 December 2008	2,862	20,869	23,731

11 Reconciliation of movement in equity shareholders' funds

	2008 £'000	2007 £'000
Opening equity shareholders' funds	229,893	231,607
Profit for the financial year	8,752	8,286
Dividends (note 6)	-	(10,000)
Retained (loss)/profit for the financial period	<u>8,752</u>	<u>(1,714)</u>
Closing equity shareholders' funds	<u>238,645</u>	<u>229,893</u>

12 Financial commitments

The Company had no financial commitments as at 31 December 2008 (2007: nil).

Notes to the financial statements (continued)
For the year ended 31 December 2008

13 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.