Plus Shipping Services Limited

Annual report and financial statements

For the year ended

31 December 2011

Registered number 4508350

Annual report and financial statements

Contents

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 principal activity of the Company is the shipment of gas to another group company for the onward sale of gas to domestic customers

Gas Plus Supply Limited is part of Npower retail group (Retail Group") which is also known as the Npower Retail Division ("Retail Division") The Npower retail group/division consists of 6 main trading entities being Npower Limited, Npower Northern Limited, Npower Yorkshire Limited, Npower Gas Limited, Npower Commercial Gas Limited and Npower Direct Limited

Business review and future developments
Turnover for the year has increased as a result of increased customer numbers in Gas Plus Shipping Limited, for whom the company provide the shipment of gas Margins have been maintained as the company earns a fee for its onward sale of gas to Gas Plus Shipping Limited

The Directors do not expect there to be any significant changes in the future developments of the company

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks The Company continues to invest in a formal, regular risk assessment process to identify, monitor and mitigate as far as possible any risk that should arise These are formally reviewed and assessed by the Board on a quarterly basis and actions taken as appropriate

The key business risks and uncertainties affecting the Company are the retention of existing customers and growth of its market share The level of volatility in gas wholesale prices is the main uncertainty faced by the Company Detailed discussions of these risks and opportunities, in the context of the RWE AG Group as a whole, are provided on pages 87 through 95 of the RWE AG 2011 Annual Report

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Company's risk management system enables the directors to identify risks at an early stage and initiate mitigating action where necessary

Key performance indicators (KPIs)
The directors of Plus Shipping Services Limited 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 Retail 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 Plus Shipping Services Limited 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 Plus Shipping Services Limited

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

Results and dividends
The Company's profit for the year ended 31 December 2011 is £3,821,000 (2010 profit of £3,647,000) 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 the financial statements are given below

Mr J Madrian	
Mr C Johnson	Resigned 29 April 2012
Mr K Miles	Resigned 31 October 2011
Mr S Stacey	
Mr J Clark	
Mr P Massara	Appointed 31 October 2011

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
The company made no charitable or political donations during the year (2010 £nil)

Employees
The energy, innovation and creativity of our staff add value to our businesses During the financial year the Company maintained its existing policies in the following areas in respect of employee involvement

The Company is committed to the development of all staff in order to leverage our intellectual capital Among many development and training initiatives, all staff are encouraged to maintain personal development plans

The major changes within the npower Retail Division mean that effective communications with staff are vital Corporate publications and other media, including distribution of key development messages and team briefings, are used to promote wide understanding of policies and strategy We also utilise the latest technology to aid rapid communication with staff around the world through use of a comprehensive company intranet

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

Equal opportunities and diversity
The Company is committed to equal opportunity and diversity because of a sense of social responsibility and also because it makes sound business sense to tap into the wide-ranging knowledge and experience of individuals in all sectors of society Through its commitment to valuing the talents of its employees, the Company aims to ensure that it is able to compete in attracting and retaining high calibre employees with wide-ranging experience and is therefore able to respond positively and flexibly to change Decisions to appoint, reward, train, develop and promote are taken based on skills and abilities, or demonstrated potential, merit and the requirements of the job Employment decisions affecting both job applicants and employees with disabilities will be made following any reasonable adjustments that may be necessary to ensure fair treatment In addition, appropriate arrangements are made for training, career development and promotion of disabled persons employed by the Company If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary

The Company is a member of the Employers' Forum on Disability, Opportunity Now and the Employers' Forum on Age and is committed to the aims of these organisations

Employee share plans
The Retail Group is part of a savings related share option plan for the benefit of employees in the UK which is operated by RWE Npower Plc Over 38% (2010 35%) of eligible staff participate in the scheme, saving between £5 and £125 per month with the option to purchase RWE AG shares at a 20% discount at the end of a three year savings period

Prompt payment policy
For all trade creditors it is Company policy to
- Agree and confirm the terms of payment at the commencement of business with the supplier
- Pay suppliers in accordance with applicable terms, continually review the payment procedures and liaise with suppliers as a measure of eliminating difficulties and maintaining a good working relationship

The Company also subscribes to the CBI's Prompt Payment Code and has formally adopted the BS Standard 7890 Methods for Achieving Good Payment Performance in Commercial Transactions

The company operates as part of the Retail Group which shares common accounting and payments functions For this reason the trade creditor days presented is that for the Retail Group The trade creditors days of the Retail group as at 31 December 2011 were 72 days (2010 60 days) based on the ratio of Company trade creditors at the end of the year to the amounts recorded as expense during the year attributable to trade creditors

As part of the Company's commitment to corporate responsibility a number of initiatives have been launched that make social and environmental considerations an integral part of the Company's procurement process

Financial risk management

Capital management
The Company's objectives, policies and processes for managing capital are consistent with those of the RWE AG Group Detailed discussions of these, in the context of the RWE AG Group as a whole, are provided on page 142 of the RWE AG 2011 Annual Report

Credit risk
The npower Retail Group of companies has a policy of requiring appropriate credit checks on commercial customers prior to establishing credit terms and payment method Credit insurance and security deposits are arranged depending upon a combination of the credit rating and the projected annual spend For all new customers with an annual spend in excess of predetermined limits commodity risk control are required to sign off the account prior to acceptance Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to cash and are subject to insignificant risk of change in value or credit risk

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

Liquidity risk
The Company forms part of the RWE npower plc Group treasury arrangements which actively manage a mixture of finance to ensure that the group has sufficient liquid resources to manage its current and future operational requirements

Commodity price risk
The Company is exposed to commodity price risk as a result of its operations The risk is actively managed through the application of appropriate techniques and methodologies in accordance with the Commodity Risk Controlling Directive of the Company's ultimate parent RWE AG These techniques and methodologies include the application of appropriate hedge policies, the measurement of commodity risks, the setting of approved transaction limits (together with the monitoring of compliance with the approved limits), the reporting of unhedged positions and the conduct of scenario analyses and stress tests The hedge policies consist of the purchase of forward contracts for the purchase of electricity on the wholesale market

The Directive and its application within the Company is kept under constant review to reflect changes in market and Company dynamics, together with the nature of products offered to the market

Securities price risk
The Company has no exposure to equity securities price risk as it holds no listed or other equity investments

Interest rate cash flow risk
The company has interest-bearing assets and interest-bearing liabilities Interest bearing assets include cash balances, which earn interest when in a surplus position The company has loan borrowings with group undertakings which are at fixed rates above LIBOR to ensure continuous funding and management of future interest cash flows The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

General risk management
As a subsidiary of RWE AG, the Company complies with the Risk Management Directive of RWE AG, which embodies the relevant provisions of the German Law on Corporate Control and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich), together with the German Stock Corporation Act (Aktiengesetz) and the German Commercial Code (Handelsgesetzbuch) Compliance is achieved within the Company through the application of a tri-partite system of three separate but supportive elements, namely a risk controlling/early warning system, an internal control system and an internal audit process

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
Each director who held office as at the date of approval of this report confirms the following

- So far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and
- Each director has 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

J Clark
Director
14 June 2012

Network HQ, 333 Edgware Road, London, NW9 6TD

Independent auditors' report to the members of Plus Shipping Services Limited

We have audited the financial statements of Plus Shipping Services 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 5 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

Mark Skedgel (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
14 June 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
Turnover	1	122,281	114,764
Cost of sales		(116,458)	(109,299)
Gross profit		5,823	5,465
Administrative expenses		39	(28)
Profit on ordinary activities before interest and taxation		5,862	5,437
Net interest payable and similar charges	4	(664)	(371)
Profit on ordinary activities before taxation	3	5,198	5,066
Tax on profit on ordinary activities	6	(1,377)	(1,419)
Profit for the financial year	10	3,821	3,647

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 9 to 13 form an integral part of these financial statements

Balance sheet as at 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
Current assets			
Debtors	7	69,005	57,391
		69,005	57,391
Creditors amounts falling due within one year	8	(53,237)	(45,444)
Net current assets		15,768	11,947
Net assets		15,768	11,947
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account	10	15,768	11,947
Total shareholders' funds	11	15,768	11,947

The financial statements on pages 7 to 13 were approved by the Board of Directors on 14 June 2012 and were signed on its behalf by

J Clark
Director

Plus Shipping Services Limited registered company number 4508350

The notes on pages 9 to 13 form an integral part of these financial statements

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

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

(i) *Turnover*

Turnover is recognised at the point of supply of the shipment of gas to another group company for the onward sale of gas to domestic customers

Turnover comprises the value of sales of goods and services, excluding VAT and other indirect taxes, in the normal course of business The Company operates in one class of business, the shipment of gas to another group company for the onward sale of gas to domestic customers, and in one geographical segment, the United Kingdom

(ii) *Interest*

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

(iii) *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

(iv) *Dividends*

Interim dividends are recognised in the period in which they are paid or when the Company has a constructive or legal commitment to pay the dividend

2 Cash flow statement and related party disclosures

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) Cashflow Statements The Company is also exempt under the terms of FRS 8 (Related Party Disclosures) from disclosing related party transactions with entities which are wholly owned subsidiaries of RWE AG

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Services provided by the Company's auditors:		
Fees payable for the audit	5	5

No fees were paid to the auditors for non audit services (2010 £nil)

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

4 Net interest payable and similar charges

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Interest payable and similar charges		
Interest payable to group undertakings	(576)	(344)
Interest payable on overdraft balances	(49)	(5)
Other interest payable	(48)	(22)
Total interest payable and similar charges	(673)	(371)
Interest receivable and similar income		
Other interest receivable from group undertakings	9	-
Total interest receivable and similar income	9	-
Net interest payable and similar charges	(664)	(371)

5 Directors' and employees' remuneration

(a) Directors' remuneration

The Directors of Plus Shipping Services Limited received no remuneration (2010 £nil) from the Company The Directors were remunerated for their services to the group as a whole, including Plus Shipping Services Limited, by other group companies and it is not possible to allocate their emoluments to Plus Shipping Services Limited The remuneration is unable to be allocated to individual entities as npower Retail Group is not managed on a legal entity basis Details of the Directors' aggregate remuneration are set out in the financial statements of RWE Npower plc, which includes directors of the Retail Division Disclosure of the highest paid director in the Retail Division is presented in the financial statements of Npower Limited for the year ended 31 December 2011

Costs recharged to the npower Retail Group for the services of the Directors have been disclosed within the financial statements of Npower Limited

All directors are members of the defined benefit pension schemes (2010 all directors) No directors are members of the defined contribution pension schemes (2010 nil)

During the financial year no directors (2010 two) exercised share options in RWE AG the ultimate parent company

(b) Employees' remuneration

There are no employees employed directly by the Company (2010 none) Staff allocation across entities within the retail group is based on customer numbers within the Company As Plus Shipping Services Limited bears the costs for Gas Plus Services Limited and has no direct customers there is no recharge for staff costs to Plus Shipping Services Limited

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

6 Tax on profit on ordinary activities

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Current tax		
Corporation tax payable	-	544
Group relief payable	1,377	875
Total current tax charge	1,377	1,419

The tax charge for the year is the same as (2010 the same as) the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are explained below

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Profit on ordinary activities before taxation	5,198	5,066
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 28%)	1,377	1,419
Current tax charge for the year	1,377	1,419

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

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

7 Debtors

	31 December 2011 £'000	31 December 2010 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	68,914	57,382
Other debtors	64	9
Taxation and social security	27	-
Total amounts falling due within one year	69,005	57,391

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

8 Creditors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Bank overdrafts	143	81
Trade creditors	86	62
Loans owed to group undertakings	27,749	24,073
Amounts owed to group undertakings	21,489	17,095
Corporation tax	-	516
Accruals and deferred income	3,770	3,617
	53,237	45,444

Loans owed to group undertakings are unsecured and bear interest at 12 months LIBOR plus 1 39% As at the date of approval of these financial statements the directors are not aware of any intention of the holding company to require repayment of such funding, other than by way of transfer of surplus funds arising from the company's operations

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

Amounts owed to group undertakings include £1,377,000 (2010 £875,000) of group relief payable

9 Called up share capital

	31 December 2011 £	31 December 2010 £
Allotted and fully paid		
1 ordinary share of £1 each	1	1

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

10 Profit and loss account

	Profit and loss account £'000
1 January 2011	11,947
Profit for the financial year	3,821
31 December 2011	15,768

11 Reconciliation of movements in total shareholders' funds

	31 December 2011 £'000	31 December 2010 £'000
Profit for the financial year	3,821	3,647
Opening total shareholders' funds	11,947	8,300
Closing total shareholders' funds	15,768	11,947

12 Ultimate parent undertaking and controlling party

The Company's immediate parent company is Npower 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 statement Copies of the group financial statements are available from RWE AG, Opernplatz 1, D-45128, Essen, Germany