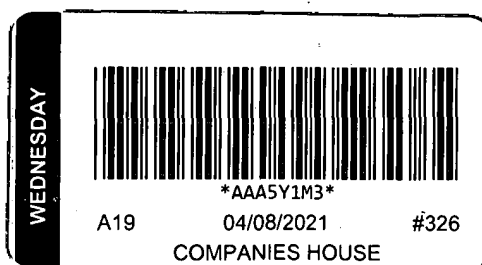


Registration number: 02427823

Citigen (London) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Citigen (London) Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020 for Citigen (London) Limited ("the Company").

Fair review of the business

The level of operating activity during the year was broadly consistent with the prior year resulting in an operating profit of £2,662,000 (2019: operating profit before impairment reversal of £2,630,000). Following a comprehensive refurbishment of the Company's combined heat and power ('CHP') plant in London in prior years, the Company has been and continues to pursue new commercial opportunities.

At 31 December 2020, the Company had net assets of £3,263,000 (2019: £1,325,000). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

Key performance indicators ('KPIs')

The Board of Management of E.ON SE manages the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Customer Solutions UK division of E.ON SE, which includes the Company, are discussed within the group's annual report which does not form part of this report. The directors do not believe there are any further relevant KPIs that are not already disclosed within these financial statements.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to asset performance, credit risks, and inflation. The management of risks is undertaken at the E.ON SE consolidated ('group') level. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided within the financial review section of the group's annual report which does not form part of this report.

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 E.ON SE, which include those of the Customer Solution UK division of E.ON SE, which includes the Company, are discussed within the financial review section of the group's annual report which does not form part of this report.

COVID-19

The Company's top priorities during the COVID-19 pandemic continue to be the safety of group colleagues and customers and ensuring continuity of energy supply. The Company also continues to focus on ensuring that its CHP plant is running stably, even under these difficult conditions. The Company was able to draw on previously prepared pandemic and crisis plans, which it implemented accordingly. This has made it possible to maintain key functions whilst operating within the restrictions put in place by the Government, including strict adherence to hygiene and social-distancing rules. In addition, technicians who operate and maintain the CHP plant, have special equipment to minimise the risk of infection. In many parts of the business, the group has made arrangements for a proportion of its employees to work from home, enabling the provision of customer services to continue.

At the end of the first half of 2021, the overall risk situation of the Company's operating business had remained consistent relative to year end 2020 owing to the COVID-19 pandemic. The risk profile reflects the business implications of COVID-19 on the basis of a conservative scenario analysis. The main risk factors in the business are asset performance, credit risks and inflation. Despite the impact of COVID-19, the directors believe that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Citigen (London) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Brexit

Britain has now left the European Union ('EU') and the transitional period ended on 31 December 2020. The European Union (Future Relationship) Act 2020 was passed on 30 December 2020, implementing the EU-UK Trade and Cooperation Agreement. A cross functional working group remains in place, which continues to meet regularly to consider the impact of Brexit legislative changes on existing and new contracts, as well as other potential implications of Brexit, and to monitor further Brexit related developments and their potential impact on the Company's business.

Section 172(1) statement

The directors acknowledge and understand their duties under the Act and in particular their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Company.

The directors regard a well-governed business as essential for the successful delivery of its principal activity. The Company is an indirect subsidiary of E.ON SE, a company listed on the Frankfurt Stock Exchange and which is head-quartered in Essen, Germany. The two main operating divisions of the E.ON SE group are Energy Networks and Customer Solutions.

The Company forms part of the Customer Solutions division of E.ON SE. The board of management of E.ON SE manages the group's operations on a global and divisional basis. The E.ON SE group has in place detailed policies and governance frameworks within which its subsidiaries must operate, including the Company. From the perspective of the directors, due to the E.ON SE group governance structure, the matters that they are responsible for considering under section 172(1) of the Act are also considered to an appropriate extent by the E.ON SE group management board in relation both to the E.ON SE group and the Company. The directors consider the factors detailed under section 172(1) of the Act are within the framework of the strategy set by the board of management of E.ON SE.

The Company's directors believe that, to the extent necessary for an understanding of the development, performance and position of the Company, the requirements of section 172(1) are discussed within the E.ON SE Annual Report 2020 on pages 14 to 115, which does not form part of this report.

Citigen (London) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Approved by the Board on 29 July 2021 and signed on its behalf by:

M G Wake

.....
M G Wake
Director

Citigen (London) Limited
Registration No: 02427823
Westwood Way
Westwood Business Park
Coventry
England
CV4 8LG

Citigen (London) Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their Directors' Report and the audited financial statements of the Company for the year ended 31 December 2020.

Directors' of the Company

The directors who held office during the year and up to the date of signing these financial statements were as follows:

M G Wake

S H Vaghela (appointed 22 April 2020)

C J Lovatt (appointed 18 September 2020)

R A Strothers (resigned 19 March 2020)

M R French (resigned 18 September 2020)

Principal activity

The principal activity of the Company is the operation of a CHP plant in London for the generation of electricity and the supply of heating, and hot and chilled water to commercial, industrial and domestic customers.

Results and dividends

The Company's profit for the financial year is £1,938,000 (2019: profit of £3,420,000). No interim dividends were paid during the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

Citigen (London) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Financial risk management

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE group's finance guidelines that set out the principles and framework for managing group-wide finances. The Company also utilises the E.ON UK plc operational treasury team which services the treasury requirements of its business. Further information on the E.ON SE group's policies and procedures is available in the financial statements of the E.ON SE group.

E.ON SE has a central department that is responsible for financing and treasury strategy, policies and procedures throughout the E.ON SE group. Major strategic financing and corporate finance actions are planned and executed by the corporate finance team at E.ON SE. There is also a treasury team which co-ordinates currency and interest risk management as well as cash management for the whole E.ON SE group.

The Company operates its own specific treasury procedures within the overall E.ON SE treasury framework. The E.ON UK plc treasury team liaise closely with the Company to ensure that liquidity and risk management needs are met within the requirement of the E.ON SE group's policies and procedures.

E.ON SE's financing policy is to centralise external financing at the E.ON SE level and to reduce external debt in subsidiaries wherever possible. E.ON SE then funds its subsidiaries with inter-company finance. This finance may be in the form of equity or debt, as appropriate.

The E.ON UK plc treasury team employs a continuous forecasting and monitoring process to ensure that the Company complies with all its banking and other covenants that apply to the financing of the UK business. This team works in close liaison with other E.ON companies operating within the UK, when considering hedging requirements related to their activities. A group-wide cash forecasting and currency exposure reporting process exists which ensures regular reporting into UK treasury of future positions, both short and medium term. Information is submitted to E.ON SE for incorporation into the E.ON SE group's forecasting processes on a weekly and quarterly basis.

The Company does not enter into speculative treasury arrangements. Accordingly, all transactions in financial instruments are matched to underlying business requirement, such as committed purchases or forecast funding requirements. Treasury activities are reviewed by internal audit on a regular basis.

Citigen (London) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Price risk, credit risk, liquidity risk and cash flow risk

Foreign exchange risk management

The Company operates within the framework of the E.ON group's guidelines for foreign exchange risk management. The Company's policy is to hedge all contractually committed operational exposures, as soon as the commitment arises. The Company will also partly hedge less certain cash flows when appropriate. The Company determines the hedging of translation exposures (the value of foreign currency liabilities and assets in the balance sheet) on a case by case basis in consultation with the E.ON Treasury department.

Interest rate risk management

The Company operates within the E.ON SE framework for interest rate risk management. The Company has a number of funding arrangements and is exposed to movements in interest rates. These interest rate exposures are managed primarily through the use of floating rate borrowings.

Credit risk management

The Company is subject to the E.ON group's finance policy which sets a credit limit for every financial institution with which the Company does a significant amount of business. The creditworthiness of the institutions with which the Company does significant business is established by the ratings they receive from external rating agencies including Moody's and Standard & Poor's. In addition, other counterparty credit risk is subject to the E.ON group's credit risk management policy supported by individual business unit policies to establish internal ratings for limit setting. Credit risk assessment involves quantitative and qualitative criteria including ratings by independent rating agencies where these are available.

Liquidity and cash flow risks

The Company has sufficient committed borrowing facilities to meet planned liquidity needs with headroom, through facilities provided by E.ON UK plc.

Citigen (London) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Price risk, credit risk, liquidity risk and cash flow risk

Foreign exchange risk management

The Company operates within the framework of the E.ON group's guidelines for foreign exchange risk management. The Company's policy is to hedge all contractually committed operational exposures, as soon as the commitment arises. The Company will also partly hedge less certain cash flows when appropriate. The Company determines the hedging of translation exposures (the value of foreign currency liabilities and assets in the balance sheet) on a case by case basis in consultation with the E.ON Treasury department.

Interest rate risk management

The Company operates within the E.ON SE framework for interest rate risk management. The Company has a number of funding arrangements and is exposed to movements in interest rates. These interest rate exposures are managed primarily through the use of floating rate borrowings.

Credit risk management

The Company is subject to the E.ON group's finance policy which sets a credit limit for every financial institution with which the Company does a significant amount of business. The creditworthiness of the institutions with which the Company does significant business is established by the ratings they receive from external rating agencies including Moody's and Standard & Poor's. In addition, other counterparty credit risk is subject to the E.ON group's credit risk management policy supported by individual business unit policies to establish internal ratings for limit setting. Credit risk assessment involves quantitative and qualitative criteria including ratings by independent rating agencies where these are available.

Liquidity and cash flow risks

The Company has sufficient committed borrowing facilities to meet planned liquidity needs with headroom, through facilities provided by E.ON UK plc. The Company also has a bank overdraft facility to support daily liquidity management. The level of operating cash is affected by the performance of the business, market prices and margins amongst other things.

Political donations

No political donations were made during the year (2019: £nil).

Stakeholder engagement

The Company's stakeholder engagement is discussed in the Strategic Report.

Future developments

The Company's future developments are discussed in the Strategic Report.

Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors believe that there are no material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. The directors of the Company also believe that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

Directors indemnities

The Company maintains liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

Citigen (London) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Statement of directors' responsibilities in respect of these financial statements


The directors acknowledge their responsibilities for preparing the Annual Report and these 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 these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'), and applicable law. Under company law, the directors must not approve these 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in these financial statements; and
- prepare these 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 these 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.

Approved by the Board on 29 July 2021 and signed on its behalf by:



.....
M G Wake

Director

Citigen (London) Limited
Registration No: 02427823
Westwood Way
Westwood Business Park
Coventry
England
CV4 8LG

Citigen (London) Limited

Independent Auditors' Report to the Members of Citigen (London) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Citigen (London) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Citigen (London) Limited

Independent Auditors' Report to the Members of Citigen (London) Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of these financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Citigen (London) Limited

Independent Auditors' Report to the Members of Citigen (London) Limited (continued)

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to gas and electricity industry regulations, health and safety legislation, employment legislation, and UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of non-standard journals to the Profit and Loss Account or manipulation of accounting estimates which could be subject to management bias. Audit procedures performed included:

- discussions with management and the Company's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- reading key correspondence with regulatory authorities in relation to compliance with regulatory requirements;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including non-standard journal entries and unpredictable procedures around cash payments.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Citigen (London) Limited

Independent Auditors' Report to the Members of Citigen (London) Limited (continued)

Simon Evans

.....
Simon Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham

30 July 2021

Citigen (London) Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	3	6,437	6,185
Cost of sales		<u>(1,843)</u>	<u>(2,426)</u>
Gross profit		4,594	3,759
Administrative expenses excluding exceptional items		(2,112)	(1,129)
Impairment reversal on fixed assets		<u>-</u>	<u>1,803</u>
Administrative expenses		(2,112)	674
Other operating income		<u>180</u>	<u>-</u>
Operating profit	4	<u>2,662</u>	<u>4,433</u>
Interest payable and similar expenses	6	<u>(179)</u>	<u>(254)</u>
		<u>(179)</u>	<u>(254)</u>
Profit before tax		2,483	4,179
Tax on profit	8	<u>(545)</u>	<u>(759)</u>
Profit for the financial year		<u><u>1,938</u></u>	<u><u>3,420</u></u>

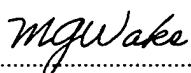
The above results were derived from continuing operations.

As the Company has no other comprehensive income for the year (2019: £nil), a separate statement of comprehensive income has not been presented.

Citigen (London) Limited
(Registration number: 02427823)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Fixed assets			
Tangible assets	9	14,320	11,859
Right of use assets	10	<u>2,419</u>	<u>2,532</u>
		<u>16,739</u>	<u>14,391</u>
Current assets			
Stocks	11	6	7
Debtors: amounts falling due within one year	12	<u>4,523</u>	<u>4,800</u>
		4,529	4,807
Creditors: amounts falling due within one year	13	<u>(12,580)</u>	<u>(12,931)</u>
Net current liabilities		<u>(8,051)</u>	<u>(8,124)</u>
Total assets less current liabilities		8,688	6,267
Creditors: amounts falling due after more than one year	14	(2,415)	(2,494)
Provisions for liabilities	15	<u>(3,010)</u>	<u>(2,448)</u>
Net assets		<u>3,263</u>	<u>1,325</u>
Capital and reserves			
Called up share capital	16	26,550	26,550
Profit and loss account		<u>(23,287)</u>	<u>(25,225)</u>
Shareholders' funds		<u>3,263</u>	<u>1,325</u>

The financial statements on pages 13 to 33 were approved by the Board of directors on 29 July 2021 and signed on its behalf by:



 M G Wake
 Director
 Citigen (London) Limited
 Registration No:02427823

Citigen (London) Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £ 000	Profit and loss account £ 000	Shareholders' funds £ 000
At 1 January 2020	26,550	(25,225)	1,325
Profit for the financial year	-	1,938	1,938
Total comprehensive income	-	1,938	1,938
At 31 December 2020	<u>26,550</u>	<u>(23,287)</u>	<u>3,263</u>

	Called up share capital £ 000	Profit and loss account £ 000	Shareholders' funds £ 000
At 1 January 2019	23,300	(28,645)	(5,345)
Profit for the financial year	-	3,420	3,420
Total comprehensive income	-	3,420	3,420
New share capital subscribed	3,250	-	3,250
At 31 December 2019	<u>26,550</u>	<u>(25,225)</u>	<u>1,325</u>

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The Company operates a CHP plant in London for the generation of electricity and supply of heating, and hot and chilled water to commercial, industrial and domestic customers.

The address of its registered office is:

Westwood Way
Westwood Business Park
Coventry
England
CV4 8LG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). These financial statements have been prepared under the going concern basis, historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

The Company has adopted disclosure exemptions in relation to the following:

- The requirements of paragraphs 10(d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information) and 134-136 (capital management disclosures) of IAS 1 Presentation of Financial Statements
- The comparative information requirements of paragraph 38 of IAS 1 Presentation of Financial Statements in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment, paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and the end of the year) and paragraph 134 (d-f) of IAS 36 Impairment of Assets.
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- The requirements of Paragraph 18A of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of a group
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared these financial statements on the going concern basis. The directors believe that there are no material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. The directors of the Company also believe that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on these financial statements.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the reporting year. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in these financial statements.

Decommissioning costs

The fair value of a liability arising from the decommissioning of an asset is recognised in the period in which it is incurred and a reasonable estimate of the fair value can be made. When the provision is recorded, the Company capitalises the costs of the provision by increasing the carrying amount of the tangible assets. In subsequent periods, the provision is accreted to its present value and the carrying amount of the asset is depreciated over its useful life. Changes to estimates arise, particularly when there are deviations from original cost estimates or changes to the payment schedule or the level of relevant obligation. The provision must be adjusted in the case of both negative and positive changes to estimates. Such an adjustment is usually effected through a corresponding adjustment to tangible assets and is not recognised directly in the profit and loss account.

Taxation

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It estimates provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The current year value is disclosed within note 8.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables from the sale of electricity, gas and energy related services; and
- amounts owed by group undertakings;

The expected future credit loss is calculated by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default). The probability of default describes the probability that a debtor will not meet their payment obligations and the receivable will therefore default. Exposure at default is the amount of the financial asset allocated to the Company at the time of default. Loss given default is the expectation of what portion of a financial asset is no longer recoverable in the event of default and is determined taking into account guarantees, other loan collateral and, if appropriate, insolvency ratios.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables, which uses a lifetime expected credit loss allowance. The expected loss rates are based on available external and internal rating information as well as historical default ratios. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically. The carrying value of trade receivables is disclosed within note 12.

Amounts owed by group undertakings

For amounts owed by group undertakings, the Company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. This is assumed if the internally determined counterparty risk has been downgraded at least three risk levels on the ten level counterparty risk scale since initial recognition. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, the Company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk. The carrying value of amounts owed by group undertakings is disclosed within note 12.

Emissions trading scheme

The Company has adopted an accounting policy which recognises a shortfall in emissions rights within provisions. Expenses incurred for the consumption of emission rights are reported in cost of sales. Forward contracts for sales and purchases of allowances are measured at fair value. The carrying value of the provision is disclosed within note 15.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Turnover

Turnover predominantly comprises revenue from the sale of electricity and steam to industrial and commercial customers, along with other income streams directly related to the operation of the plant portfolio. The turnover is recognised when performance obligations have been satisfied and when the services or goods have been transferred to the customer and the customer has control of these. For the Company, this is at the point when the volumes are supplied or over time as services are provided. Turnover excludes value added tax.

A receivable is recognised at the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Foreign currency transactions and balances

These financial statements are presented in Great British Pounds ("GBP") which is the Company's functional currency. All financial information is presented in GBP and has been rounded to the nearest thousand.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated at original cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Plant and machinery relate primarily to microgeneration assets.

Major assets in the course of construction are included in assets on the basis of expenditure incurred at the balance sheet date. In the case of assets constructed by the Company, directly related overheads and commissioning costs are included in cost. Where borrowings are used to finance the construction of a major capital project with a long period of development, interest payable is capitalised as part of the cost of the asset and written off over the economic useful life of the asset. Where specific borrowings are used, the amount capitalised is based on actual interest payable. Where general borrowings are used, the amount capitalised is based on the weighted average cost of capital of the group, not exceeding the actual expenditure incurred during the relevant period of construction.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	Straight line basis over 1 to 25 years

Estimated useful lives are reviewed annually. No depreciation is provided on assets in the course of construction.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow-moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. In general, stocks are recognised in the profit and loss account on a weighted average cost basis. The Companies Act 2006 requires stocks to be categorised between raw materials, work in progress and finished goods. Stores are considered to be raw materials under this definition.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

However, for leases of buildings, the Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

Initial recognition and measurement

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company derives benchmark interest rates from maturity-related risk-free interest rates which are increased by a specific credit-risk premium and adjusted for attributes specific to the lease (e.g. term, country, currency and security).

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated over the shorter of the lease term and the useful economic life of the asset. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Short term and low value lease payments are included in operating expenses in the profit and loss account as they are incurred.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower. Recoverable amount is defined as the higher of fair value less costs to sell and estimated value in use at the date the impairment review is undertaken. Value in use represents the present value of expected future cash flows, discounted using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where such an asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the income generating unit.

Impairments are recognised in the profit and loss account and, where material, are disclosed separately.

If the reasons for previously recognised impairment losses no longer exist, such impairment losses are reversed and recognised in the profit and loss account. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place in previous years.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON SE group are recognised initially at fair value and subsequently measured at amortised cost. These balances are consolidated at each period end into a single balance with each group company. These transactions are net settled. As a result, the directors consider it appropriate to present inter-company balances within these financial statements on a net basis. Formal loan balances are settled and presented gross.

Inter-company receivable balances are provided for in line with the impairment estimation criteria set out on page 19.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, when the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Defined contribution pension obligation

The Company has no employees but is recharged by E.ON UK plc for the services of certain of its employees. E.ON UK plc contributes to both defined contribution and defined benefit pension schemes maintained by E.ON UK plc on behalf of its employees. The recharges to the Company from E.ON UK plc for services from certain of its employees include the current pension service cost but no recharges are made for any pension deficit repair payments. It is not possible to identify the share of the underlying assets and liabilities of the E.ON UK plc group defined benefit pension scheme that relate to existing and previous employees recharged to the Company therefore the Company accounts for its contributions to the scheme on a defined contribution basis. Further details of these schemes are available in E.ON UK plc's financial statements.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Amortised cost assets (including trade receivables and amounts owed by group undertakings) are primarily financial assets with fixed or determinable payments that are not traded in an active market and are reported on the balance sheet under Debtors. Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Valuation allowances are provided for identifiable individual risks in addition to the expected credit losses calculated when known.

Classification and measurement

Amortised cost assets are subsequently measured at amortised costs, using the effective interest method. Valuation allowances are provided for identifiable individual risks in addition to the expected credit losses calculated when known.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method. In subsequent periods, the amortisation and accretion of any premium or discount is included in finance costs/income.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

3 Turnover

The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

4 Operating profit

Arrived at after charging/(crediting)

	Note	2020 £ 000	2019 £ 000
Depreciation expense	9	610	103
Depreciation on right of use assets	10	113	113
Impairment reversal on tangible assets		-	(1,803)
Impairment charge/(reversal) of financial assets	12	35	(88)
Foreign exchange losses/(gains)		1	(1)
Expense of variable lease payments not included in lease liabilities		85	20
Loss on disposal of intangible assets		-	21

An impairment reversal of £1,803,000 was recognised in 2019 following a review of the appropriateness of the carrying value of the Company's CHP plant and associated connections. The cash flows used in this impairment review were based on approved budgets and discounted at the E.ON UK plc group's cost of capital appropriate for the Company.

The total cash outflow for leases in 2020 was £165,000 (2019: £165,000).

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Auditors' remuneration

Auditors' remuneration of £13,000 (2019: £12,500) for the audit of these financial statements was borne by E.ON UK plc, the immediate parent undertaking, and not recharged.

6 Interest payable and similar expenses

	Note	2020 £ 000	2019 £ 000
Interest payable to group undertakings		67	129
Interest - provision unwind	15	23	34
Interest expense on leases		89	91
		<u>179</u>	<u>254</u>

7 Staff costs

The Company had no employees during the year (2019: none).

The average monthly number of persons (including executive directors) recharged by E.ON UK plc to the Company during the year was as follows:

	2020 No.	2019 No.
Production	<u>4</u>	<u>4</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	255	212
Social security costs	31	24
Other pension costs	41	29
Less: Capitalised in fixed assets	(118)	(159)
	<u>209</u>	<u>106</u>

The directors received no emoluments from the Company during the year (2019: £nil) in respect of services to the Company.

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Tax on profit

Tax charged in the profit and loss account:

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	585	477
UK corporation tax adjustment to prior periods	(67)	77
	<u>518</u>	<u>554</u>
Total current income tax	<u>518</u>	<u>554</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(67)	223
Arising from changes in tax rates and laws	(261)	52
Deferred tax adjustment to prior periods	355	(70)
Total deferred taxation	<u>27</u>	<u>205</u>
Tax expense in the profit and loss account	<u>545</u>	<u>759</u>

The tax expense for the period is higher (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below.

The tax rate for the current year is the same as the prior year.

	2020 £ 000	2019 £ 000
Profit before tax	<u>2,483</u>	<u>4,179</u>
Corporation tax at standard rate	472	794
(Decrease)/increase in current tax from adjustment for prior periods	(67)	77
(Decrease)/increase from effect of different UK tax rates on some earnings	(261)	18
Increase from effect of expenses not deductible in determining taxable profit	4	6
Increase/(decrease) in deferred tax from adjustment for prior periods	355	(70)
Other tax effects for reconciliation between accounting profit and tax expense/(income)	<u>42</u>	<u>(66)</u>
Total tax charge	<u>545</u>	<u>759</u>

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Tax on profit (continued)

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted after the balance sheet date and has therefore not been reflected in these financial statements however would have caused an additional deferred tax credit of £804,000.

The corporation tax payable has been reduced by £518,000 because of group relief received from a fellow group undertaking for which a payment will be made (2019: £554,000).

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Tax on profit (continued)

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	2,530	15	2,545
Other items	42	(42)	-
Net tax assets/(liabilities)	<u>2,572</u>	<u>(27)</u>	<u>2,545</u>

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	2,721	(191)	2,530
Other items	56	(14)	42
Net tax assets/(liabilities)	<u>2,777</u>	<u>(205)</u>	<u>2,572</u>

9 Tangible assets

	Other property, plant and equipment £ 000
Cost or valuation	
At 1 January 2020	47,245
Additions	<u>3,071</u>
At 31 December 2020	<u>50,316</u>
Accumulated depreciation	
At 1 January 2020	35,386
Charge for the year	<u>610</u>
At 31 December 2020	<u>35,996</u>
Carrying amount	
At 31 December 2020	<u>14,320</u>
At 31 December 2019	<u>11,859</u>

Assets in the course of construction were £62,000 (2019: £4,447,000).

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Tangible assets (continued)

During the year, changes in accounting estimates for the decommissioning provision resulted in an addition of £395,000 (2019: addition of £301,000) being recorded in these financial statements (note 15). The closing net book value includes £919,000 (2019: £561,000) relating to the assets associated with the cost of decommissioning the sites.

10 Right of use assets

	Property £ 000
Cost or valuation	
At 1 January 2020	2,645
At 31 December 2020	2,645
Accumulated depreciation	
At 1 January 2020	113
Charge for the year	113
At 31 December 2020	226
Carrying amount	
At 31 December 2020	2,419
At 31 December 2019	2,532

11 Stock

	31 December 2020 £ 000	31 December 2019 £ 000
Stores	6	7

12 Debtors: amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Gross trade receivables	1,091	1,346
Provision for impairment of trade receivables	(100)	(142)
Trade receivables	991	1,204
Amounts owed by group undertakings	395	488
Prepayments	32	29
Deferred tax assets	2,545	2,572
Other taxation and social security	560	507
	4,523	4,800

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Debtors: amounts falling due within one year (continued)

Trade receivables and amounts owed by group undertakings are stated after loss allowances of £100,000 and £9,000 respectively (2019: £142,000 and £2,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13 Creditors: amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Bank loans and overdrafts	-	18
Trade creditors	676	3,574
Accrued expenses	471	1,168
Amounts due to group undertakings	11,354	8,092
Other creditors	-	2
Lease liabilities	79	77
	<u>12,580</u>	<u>12,931</u>

Amounts owed to group undertakings include loans from E.ON UK plc of £10,375,400 and €10,000 (2019: £7,730,000 and €10,000), both of which are unsecured, bear interest at a rate of LIBOR plus 52 basis points (2019: 52 basis points) and currently roll forward (principal and interest) on a daily basis. All other amounts are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	31 December 2020 £ 000	31 December 2019 £ 000
Lease liabilities	<u>2,415</u>	<u>2,494</u>

The maturity profile of the carrying amount of the Company's long-term borrowings was as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
In more than one year, but no more than two years	82	80
In more than two years, but no more than five years	265	256
In more than five years	<u>2,068</u>	<u>2,158</u>
	<u>2,415</u>	<u>2,494</u>

Citigen (London) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Provisions for liabilities

	Decommissioning provision £ 000	Emissions obligation £ 000	Total £ 000
At 1 January 2020	2,376	72	2,448
Increase in existing provisions	395	381	776
Provisions used	-	(237)	(237)
Increase due to change in discount rate	23	-	23
At 31 December 2020	<u>2,794</u>	<u>216</u>	<u>3,010</u>

Decommissioning provision comprises amounts set aside for the estimated costs of decommissioning the CHP plant and subsequent site restoration costs. Cashflows associated with decommissioning are expected to occur at the end of the site lease in 2042.

Emissions obligations provision represent amounts payable to national authorities for emissions made during the year. Emissions obligations are settled on an annual basis.

16 Called up share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>26,550</u>	<u>26,550</u>	<u>26,550</u>	<u>26,550</u>

The Company had 26,550,002 ordinary shares in issue as at 31 December 2020 (2019: 26,550,002 ordinary shares)

17 Ultimate holding company

The immediate parent undertaking is E.ON UK CHP Limited. The ultimate parent undertaking and controlling party is E.ON SE, a company incorporated in Germany, which is the parent company of the largest and smallest group to consolidate these financial statements. Copies of E.ON SE's financial statements are available from the offices of E.ON SE at the following address:

E.ON SE
Brüsseler Platz 1
45131 Essen
Germany.