Company number 2684288

E.ON UK CHP Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012

E.ON UK CHP Limited

Directors' Report for the Year Ended 31 December 2012

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2012

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were

D J Morgans (resigned 7 January 2013)

J T Lightfoot (resigned 7 January 2013)

The following directors were appointed after the year end

D A Leiper (appointed 7 January 2013)

R Matthies (appointed 7 January 2013)

R J Pennells (appointed 7 January 2013)

Principal activity

The Company's principal activity during the year and at the year end was the sale of energy and related services, primarily from the operation of combined heat and power ('CHP') plants

Business review

Fair review of the business

Difficult trading conditions have continued to hinder the results of the Company during the year and these economic factors, when combined with operational issues, have resulted in performance below expected levels The loss before tax during the year of £3,133,000, includes financial adjustments of £13,877,000 (as described below) leaving an underlying trading loss of £17,010,000

The Company continues to review its contractual obligations and there are no plans at present to initiate any new CHP development projects During the year the Company's Workington CHP contract expired

During the year a review of the Company's plant portfolio and fixed asset investments was undertaken The cash flows used in this review were discounted at the E ON UK plc group's cost of capital for CHP operations This review resulted in a credit of £13,877,000 in the year (2011 charge of £57,468,000) which can be split into three areas an impairment of £1,801,000 (2011 £2,428,000), an impairment reversal of £7,184,000 (2011 £nil) and a release of the onerous contract provision of £8,494,000 (2011 an increase of £55,040,000) These positions have consequently been recorded within these financial statements The movement in the onerous contract provision arose as a result of management updating its view of expected future commodity prices

On 2 September 2013, the Company disposed of its Winnington CHP plant to a third party

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 key business risks and uncertainties affecting the Company are considered to relate to commodity prices, credit risks and asset performance The management of risks is undertaken at 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

Key performance indicators ('KPIs')

The Board of Management of E ON SE manage 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 Regional Unit UK division of E ON SE, which includes the Company, is discussed within the financial review section of the group's annual report which does not form part of this report

Results and dividends

The Company's loss for the financial year is £3,455,000 (2011 loss of £51,991,000) The directors do not recommend the payment of a final dividend (2011 £nil)

Policy and practice on payment of creditors

Where appropriate in relation to specific contracts, the Company's practice is to

a) settle the terms of payment with the supplier when agreeing the terms of each transaction,

b) ensure that those suppliers are made aware of the terms of payment by inclusion of other relevant terms in the contracts, and

c) pay in accordance with its contractual and other legal obligations

For all other cases the Company supports the Better Payments Practice Code and has in place well developed arrangements with a view to ensuring that this is observed Trade creditors at the year end represented 1 day (2011 3 days) of purchases

Political donations

No political donations were made during the year (2011 £nil)

Charitable donations

No charitable donations were made during the year (2011 £nil)

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

Going concern

Notwithstanding the fact that the Company has been loss making, has net current liabilities and net liabilities, the directors have prepared the financial statements on the going concern basis The directors have received confirmation from E ON UK plc, the Company's immediate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements

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 which they know the auditors are unaware of

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, and
- 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

Approved by the Board on 25 September 2013 and signed on its behalf by

R Matthies
Director

E ON UK CHP Limited
Company No 2684288
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of E.ON UK CHP Limited

We have audited the financial statements of E ON UK CHP Limited for the year ended 31 December 2012, 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, 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 Directors' Report and Financial Statements 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 the 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 2012 and of its loss 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

Independent Auditors' Report to the Members of E.ON UK CHP Limited

(continued)

Matters on which we are required to report by exception

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

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

Paul Nott

Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

East Midlands

Date 27/9/13

E.ON UK CHP Limited

Profit and Loss Account for the Year Ended 31 December 2012

	Note	2012 £ 000	2011 £ 000
Turnover	2	**135,991**	146,859
Cost of sales		**(125,761)**	(139,941)
Gross profit		**10,230**	6,918
Administrative expenses		**(16,746)**	(13,506)
Reversal of impairment of fixed assets		**7,184**	-
Impairment of fixed assets		**(1,801)**	(2,428)
Onerous contract provision		**8,494**	(55,040)
Other operating income		**4,035**	3,565
Operating profit/(loss)	3	**11,396**	(60,491)
Interest receivable and similar income	5	**15**	-
Interest payable and similar charges	6	**(14,544)**	(9,429)
Loss on ordinary activities before taxation		**(3,133)**	(69,920)
Tax on loss on ordinary activities	7	**(322)**	17,929
Loss for the financial year	16	**(3,455)**	(51,991)

Turnover and operating profit/(loss) derive wholly from continuing operations

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

The Company has no recognised gains or losses for the year, other than the results above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 24 form an integral part of these financial statements

E.ON UK CHP Limited

(Company number: 2684288)

Balance Sheet as at 31 December 2012

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Tangible assets	8	**31,784**	28,534
Investments	9	**6,360**	6,360
		38,144	34,894
Current assets			
Stocks	10	**3,819**	4,402
Debtors amounts falling due after more than one year	11	**16,903**	22,394
Debtors amounts falling due within one year	12	**123,784**	132,359
		144,506	159,155
Creditors: amounts falling due within one year	13	**(453,573)**	(446,233)
Net current liabilities		**(309,067)**	(287,078)
Total assets less current liabilities		**(270,923)**	(252,184)
Provisions for liabilities	14	**(67,653)**	(82,937)
Net liabilities		**(338,576)**	(335,121)
Capital and reserves			
Called up share capital	15	**50,000**	50,000
Profit and loss account	16	**(388,576)**	(385,121)
Total shareholders' deficit	17	**(338,576)**	(335,121)

Approved by the Board on 25 September 2013 and signed on its behalf by

R Matthies
Director

E ON UK CHP Limited

The notes on pages 8 to 24 form an integral part of these financial statements

1 Accounting policies

Basis of preparation

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 The principal accounting policies, which have been applied consistently throughout the year, are set out below

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the E ON SE Group

Exemption from preparing group financial statements

The Company is a wholly-owned subsidiary undertaking of E ON SE, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E ON SE Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006

Going concern

Notwithstanding the fact that the Company has been loss making, has net current liabilities and has net liabilities, the directors have prepared the financial statements on the going concern basis The directors have received confirmation from E ON UK plc, the Company's immediate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements

Turnover

Turnover predominantly comprises revenue from the sale of electricity and steam to industrial customers, along with other income streams directly related to the operation of the plant portfolio Turnover is recognised when earned on the basis of a contractual agreement with the customer It reflects the value of the volume supplied Turnover excludes value added tax

Tangible fixed assets

Tangible fixed 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 generating assets

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	**Depreciation method and rate**
Plant and machinery	Straight line basis over 2- 40 years

Estimated useful lives are reviewed periodically

Impairment
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

Overhaul of generation plant
Major periodic overhaul costs on generation plant are capitalised as part of generating assets and depreciated on a straight-line basis over their useful economic life, typically the period until the next major overhaul

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 fixed 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 fixed assets and is not recognised directly in the profit and loss account

Fixed asset investments
Fixed asset investments are stated at historical cost less provision for any diminution in value

Stock
Stock and work in progress 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 Fuel stocks and stores are considered to be raw materials under this definition

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction, unless related or matching forward foreign exchange contracts have been entered into, when the rate specified in that contract is used 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

Inter-company balances

Inter-company payable and receivable trading balances within the E ON SE Group 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 gross

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

Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

Future operating costs are not provided for

Present obligations arising under onerous contracts are recognised and measured as provisions An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under contract exceed the economic benefits expected to be received under it

Taxation

The tax charge for the year is based on the losses on ordinary activities for the year

This takes into account full provision for deferred tax in respect of timing differences on a discounted basis, using the approach set out in FRS 19 'Deferred tax' Timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and depreciation of fixed assets Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, or where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered

Deferred tax is measured at the tax rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax laws that have been enacted or substantively enacted by the balance sheet date

Operating leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease

Pension costs

The Company contributes to a defined contribution pension scheme, and also a defined benefit group pension scheme operated by E ON UK plc, the assets of which are invested in a separate trustee-administered fund Further details of these schemes are available in E ON UK plc's financial statements

The Company is unable to identify its share of the underlying assets and liabilities of the group pension scheme The Company has accounted for its contribution to the group pension scheme as if the scheme was a defined contribution scheme and accounts for contributions payable to the group pension scheme in the accounting period in which they fall due

Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the E ON SE Group or investees of the E ON SE Group

2 Turnover

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

3 Operatıng profit/(loss)

Operatıng profit/(loss) ıs stated after chargıng/(credıtıng)

	2012 £ 000	2011 £ 000
Hıre of plant and machınery	**9**	19
Hıre of motor vehıcles	**93**	84
Foreıgn currency (gaıns)/losses	**(2)**	8
Depreciatıon of owned assets (note 8)	**4,417**	2,488
Reversal of ımpaırment of fixed assets (note 8)	**(7,184)**	-
Impaırment of tangıble fixed assets (note 8)	**1,801**	2,428
Onerous contract provısıon (note 14)	**(8,494)**	55,040

At 31 December 2012, a revıew of the appropnateness of the carryıng value of the Company's plant portfolıo was undertaken, ın accordance wıth FRS 11 'Impaırment of fixed assets and goodwıll' The cash flows used ın thıs ımpaırment revıew were based on approved budgets and dıscounted at the E ON UK plc group's cost of capıtal for CHP operatıons over a penod of 8 years As a result of the revıew, an ımpaırment charge of £1,801,000 (2011 £2,428,000) has been recorded ın these financıal statements A tax credıt of £441,000 (2011 £643,000) arose ın respect of thıs ıtem

An ımpaırment reversal of £7,184,000 (2011 £nıl) has also been recorded ın respect of certaın plant A tax charge of £880,000 (2011 £nıl) arose ın respect of thıs ıtem The reversal arose as a result of ımprovements ın expected future cash ınflows due to hıgher forecast sales than prevıously antıcıpated The dıscount rate used to calculate both the ımpaırment and ımpaırment reversals ıs a post-tax rate of 6% (2011 7 0%)

Audıtors' remuneratıon of £15,000 (2011 £15,000) was borne by the ımmedıate parent undertakıng, E ON UK plc, and not recharged

The dırectors receıved no emoluments from the Company durıng the year (2011 £nıl)

4 Employee ınformatıon

The average monthly number of persons (excludıng dırectors) employed by the Company or the E ON UK plc group ın respect of the Company durıng the year ıs set out below In addıtıon, £398,000 (2011 £157,000) of central salary costs assocıated wıth CHP actıvıtıes ın the UK have been recharged to the Company and £715,000 (2011 £689,000) have been recharged by the Company to other companıes wıthın the E ON UK plc group

	2012 No.	2011 No.
Admınıstratıon and support	**26**	27
Other departments	**86**	102
	112	129

The associated salaries and related costs were

	2012 £ 000	2011 £ 000
Wages and salaries	**5,363**	5,487
Social security costs	**582**	582
Staff pensions	**1,495**	1,469
	7,440	7,538

5 Interest receivable and similar income

	2012 £ 000	2011 £ 000
Other interest receivable	**15**	-

6 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest payable to group undertakings	**7,160**	6,045
Accretion of discount on provisions	**7,384**	3,384
	14,544	9,429

7 Tax on loss on ordinary activities

	2012 £ 000	2011 £ 000
Current tax		
Corporation tax credit	**(5,226)**	(10,880)
Adjustments in respect of prior periods	**57**	(906)
UK corporation tax	**(5,169)**	(11,786)
Deferred tax		
Origination and reversal of timing differences	**3,725**	(7,078)
Deferred tax adjustment relating to previous years	**(130)**	(43)
Effect of changes in tax rates	**1,802**	1,225
Unwinding of discount	**94**	(247)
Total deferred tax	**5,491**	(6,143)
Total tax on loss on ordinary activities	**322**	(17,929)

Factors affecting current tax credit for the year

The difference between the tax on the loss on ordinary activities for the year and the tax assessed on the loss on ordinary activities for the year assessed at the effective rate of corporation tax in the UK at 24 5% (2011 26 5%) can be explained as follows

	2012 £ 000	2011 £ 000
Loss on ordinary activities before taxation	**(3,133)**	(69,920)
Corporation tax at effective rate	**(768)**	(18,529)
Depreciation in excess of capital allowances	**(475)**	(793)
Other timing differences	**(3,492)**	8,296
Expenses not deductible for tax purposes	**(491)**	146
Adjustment in respect of previous periods	**57**	(906)
Total current tax	**(5,169)**	(11,786)

During the year legislation was included in the Finance Act 2012 to reduce the main rate of UK corporation tax from 26% to 24%, effective from 1 April 2012 and from 24% to 23% effective from 1 April 2013 Further reductions in the main rate of UK corporation tax were announced in the Autumn Statement on 5 December 2012 and the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 These further changes were not substantively enacted at the balance sheet date and, therefore, the impact has not been included in these financial statements

The reductions in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015 were both substantively enacted on 2 July 2013 as part of the Finance Act 2013 The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset provided at the balance sheet date by £2,135,000

The corporation tax receivable has been reduced by £5,169,000 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2011 £11,786,000) Accordingly no tax losses are available for carry forward

8 Tangible assets

	Plant and machinery £ 000
Cost or valuation	
At 1 January 2012	298,799
Additions	2,284
Disposals	(31,436)
At 31 December 2012	269,647
Depreciation	
At 1 January 2012	270,265
Charge for the year	4,417
Impairment	1,801
Impairment reversal	(7,184)
Eliminated on disposals	(31,436)
At 31 December 2012	237,863
Net book value	
At 31 December 2012	31,784
At 31 December 2011	28,534

Additions include £89,000 (2011 £479,000) resulting from a change in accounting estimate for the decommissioning provision The closing net book value includes £966,000 (2011 £1,010,000) relating to the assets associated with the cost of decommissioning the sites

9 Investments

	2012 £ 000	2011 £ 000
Shares in group undertakings and participating interests	**6,360**	6,360

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
Cost	
At 1 January 2012	6,506
At 31 December 2012	6,506
Provision for impairment	
At 1 January 2012	146
At 31 December 2012	146
Net book value	
At 31 December 2012	6,360
At 31 December 2011	6,360

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
E ON UK Cogeneration Limited	Ordinary shares	100%	Sale of energy services involving the construction and operation of CHP plants
Citigen (London) Limited	Ordinary shares	100%	Sale of energy services involving the supply of heating, hot water and ventilation

The directors believe the carrying value of the investments is supported by their underlying assets

10 Stocks

	2012 £ 000	2011 £ 000
Fuel stocks	**482**	1,021
Stores	**3,337**	3,381
	3,819	4,402

11 Debtors: amounts falling due after more than one year

	2012 £ 000	2011 £ 000
Deferred tax	**16,903**	22,394

Deferred tax
The movement in the deferred tax asset during the year is as follows

	£ 000
At 1 January 2012	22,394
Deferred tax charged to the profit and loss account	(5,491)
At 31 December 2012	16,903

Analysis of deferred tax

	2012 £ 000	2011 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	**1,438**	1,941
Other timing differences	**15,560**	20,454
	16,998	22,395
Discount	**(95)**	(1)
Discounted asset for deferred tax	**16,903**	22,394

The Finance Act 2012 included legislation to reduce the main rate of corporation tax to 23% with effect from 1 April 2013 The deferred tax asset at 31 December 2012 has been re-measured accordingly Within the deferred tax charge of £5,491,000, the amount that relates to the change in the tax rate is £1,802,000 charge

12 Debtors: amounts falling due within one year

	2012 £ 000	2011 £ 000
Trade debtors	**20,756**	16,294
Amounts owed by group undertakings	**102,538**	115,822
Other debtors	**330**	-
Prepayments and accrued income	**160**	243
	123,784	132,359

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

13 Creditors. amounts falling due within one year

	2012 £ 000	2011 £ 000
Trade creditors	**328**	1,303
Preference shares	**57,000**	57,000
Amounts owed to group undertakings	**387,958**	382,201
Other taxes and social security	**3,199**	2,624
Other creditors	**31**	31
Accruals and deferred income	**5,057**	3,074
	453,573	446,233

Amounts owed to group undertakings include a loan of £280,463,000 (2011 £273,304,000), which is unsecured, incurs interest at a rate of LIBOR plus 75 basis points and is repayable in December 2013 Other amounts owed to group undertakings are unsecured, interest free and repayable on demand

Details of the preference shares are given below

	2012 £ 000	2011 £ 000
Authorised		
57,000,000 redeemable preference shares of £1 each	**57,000**	57,000
Allotted, called-up and fully paid		
57,000,000 redeemable preference shares of £1 each	**57,000**	57,000

The holders of the redeemable preference shares have an option to redeem the shares on demand at any time for the original consideration The shares carry a coupon which is variable and represents the 20 year interest swap rate plus a margin of 3% Interest is only payable if the Company makes distributable profits

14 Provisions for liabilities

	Decommissioning provisions £ 000	Contract provisions £ 000	Emission obligations £ 000	Total £ 000
At 1 January 2012	3,777	78,040	1,120	82,937
(Credited)/charged to the profit and loss account	-	(8,494)	84	(8,410)
Utilised during the year	-	(13,143)	(1,204)	(14,347)
Accretion of discount	59	7,325	-	7,384
Capitalised in tangible assets	89	-	-	89
	148	(14,312)	(1,120)	(15,284)
At 31 December 2012	3,925	63,728	-	67,653

Decommissioning provisions comprise amounts set aside for the estimated costs of decommissioning power stations and subsequent site restoration costs at UK power stations which will be utilised as each power station closes The amount capitalised in tangible assets relates to a change in the estimated cost of decommissioning the plant and to a change in the discount rate The provision will be utilised when the sites are closed between 2017 and 2023

Contract provisions relate to onerous lease contract provisions During the year a review of the Company's plant portfolio was undertaken based on the value of discounted future cash flows, using expected future commodity prices, to be generated from each site under the contracts in place A release of £8,494,000 (2011 £55,040,000 charge) has been recorded in these financial statements as a result of this review The discount rate used to calculate the expected future value is 9 5% (2011 9 5%) A tax charge of £1,954,000 (2011 £14,310,000 tax credit) arose as a result of this release

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

15 Called up share capital

Allotted and fully paid

	2012 No.	2012 £ 000	2011 No.	2011 £ 000
Ordinary shares of £1 each	**50,000,000**	**50,000**	50,000,000	50,000

16 Reserves

	Profit and loss account £ 000
At 1 January 2012	(385,121)
Loss for the year	(3,455)
At 31 December 2012	(388,576)

17 Reconciliation of movements in shareholders' deficit

	2012 £ 000	2011 £ 000
Loss attributable to the members of the Company	**(3,455)**	(51,991)
Net addition to shareholders' deficit	**(3,455)**	(51,991)
Shareholders' deficit at 1 January	**(335,121)**	(283,130)
Shareholders' deficit at 31 December	**(338,576)**	(335,121)

18 Pension schemes

The Company participates in a funded group pension scheme operated by E ON UK plc, which is part of an industry wide scheme, the Electricity Supply Pension Scheme The pension scheme is of the defined benefit type and its assets are held in a separate trustee-administered fund

The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary In the intervening years the actuary reviews the appropriateness of the rates The latest actuarial valuation of the scheme was at 31 March 2010

Due to the complexity of actuarial calculations and the number of different companies contributing to the scheme, the Company is unable to identify its share of the underlying assets and liabilities in the scheme Consequently, the Company accounts for the scheme as a defined contribution scheme The cost of contributions to the scheme in the year amounts to £1,495,000 (2011 £1,469,000)

Further details of the scheme are available in E ON UK plc's financial statements Due to a deficit in the scheme, E ON UK plc made a special contribution of £120 million during January 2012 and £50 million in January 2013 and expects to make special contributions of £35 million per annum from 2014 until 2016 None of this cost is expected to be recharged to the Company

19 Post balance sheet events

On 2 September 2013, the Company disposed of the Winnington CHP plant to a third party The disposal occurred close to the date of signing these financial statements and therefore it has not been practicable to finalise computations of the financial impact However, the Winnington assets had been fully impaired and the associated contracts gave rise to the majority of the onerous contract provisions (note 14) Winnington was the Company's largest CHP plant and therefore this disposal will result in a material reduction in revenues and costs going forward

20 Ultimate parent

The Company is controlled by E ON UK plc The ultimate controlling party is E ON SE, which is the parent company of the largest and smallest group to consolidate these financial statements Copies of E ON SE's accounts are available from the offices of E ON SE at the following address

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