Company number 2730697

E.ON UK Cogeneration Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

E.ON UK Cogeneration Limited

Directors' Report for the Year Ended 31 December 2011

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

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

J T Lightfoot

Principal activity

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

Business review

Fair review of the business

Despite difficult trading conditions, which have previously hindered the results of the Company, the performance for the year has met expected levels This is reflected in the profit before tax of £3,380,000 A significant proportion of this profit arose from sites which no longer service customers but are operated as small Combined Cycle Gas Turbine power stations The financial returns on these sites are more closely linked to the current market conditions than those sites operated for specific customers

The Company continues to review its contractual obligations and there are no plans at present to initiate any new CHP development projects

In order to bring the statutory reporting in line with the way that the Company operates, the profit and loss account comparative figures have been restated to reflect a reclassification of income from cost of sales to turnover of £1,792,000 and a reclassification of costs from cost of sales to administrative expenses of £9,362,000

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 UK plc 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 directors of E ON UK plc 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 Other Segments division of E ON UK plc, 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

E.ON UK Cogeneration Limited

Directors' Report for the Year Ended 31 December 2011

(continued)

Results and dividends
The Company's profit for the financial year is £1,810,000 (2010 loss of £89,000) The directors do not recommend the payment of a final dividend (2010 £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 34 days (2010 2 days) of purchases

Political donations
No political donations were made during the year (2010 £nil)

Charitable donations
No charitable donations were made during the year (2010 £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 net current liabilities, the directors have prepared the financial statements on the going concern basis The directors have received confirmation from E ON UK plc, the principal UK trading subsidiary of the E ON UK group, 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 elected to prepare 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 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 24 September 2012 and signed on its behalf by

D J Morgans
Director

E ON UK Cogeneration Limited
Company No 2730697
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

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

We have audited the financial statements of E ON UK Cogeneration Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditors' Report to the Members of E.ON UK Cogeneration 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 25/9/12

E.ON UK Cogeneration Limited

Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £ 000	(As restated) 2010 £ 000
Turnover	2	**32,830**	36,416
Cost of sales		**(19,180)**	(27,310)
Gross profit		**13,650**	9,106
Administrative expenses		**(11,072)**	(9,229)
Other operating income		**652**	-
Operating profit/(loss)	3	**3,230**	(123)
Interest receivable and similar income	5	**280**	391
Interest payable and similar charges	6	**(130)**	(174)
Profit on ordinary activities before taxation		**3,380**	94
Tax on profit on ordinary activities	7	**(1,570)**	(183)
Profit/(loss) for the financial year	14	**1,810**	(89)

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

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 9 to 20 form an integral part of these financial statements

E.ON UK Cogeneration Limited

Note of Historical Cost Profits and Losses for the Year Ended 31 December 2011

	2011 £ 000	2010 £ 000
Reported profit on ordinary activities before taxation	3,380	94
Difference between historical cost depreciation charge and the actual depreciation charge on the revalued amount	-	31
Historical cost profit on ordinary activities before taxation	3,380	125
Historical cost profit/(loss) for the year retained after taxation	1,810	(58)

The notes on pages 9 to 20 form an integral part of these financial statements

E.ON UK Cogeneration Limited
(Company number: 2730697)
Balance Sheet as at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Tangible assets	8	**28,885**	28,152
Current assets			
Stocks	9	**2,604**	2,451
Debtors	10	**48,062**	44,021
		50,666	46,472
Creditors: amounts falling due within one year	11	**(65,099)**	(63,417)
Net current liabilities		**(14,433)**	(16,945)
Total assets less current liabilities		**14,452**	11,207
Provisions for liabilities	12	**(4,887)**	(3,452)
Net assets		**9,565**	7,755
Capital and reserves			
Called up share capital	13	**-**	-
Profit and loss account	14	**9,565**	7,755
Shareholders' funds	15	**9,565**	7,755

Approved by the Board on 24 September 2012 and signed on its behalf by

D J Morgans
Director

E ON UK Cogeneration Limited

The notes on pages 9 to 20 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 profit and loss account comparative figures have been restated to reflect a reclassification of income from cost of sales to turnover of £1,792,000 and a reclassification of costs from cost of sales to administrative expenses of £9,362,000 The reason for this restatement is to bring the statutory reporting in line with the way that the Company operates

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

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 have received confirmation from E ON UK plc, the principal UK trading subsidiary of the E ON Group, 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 and commercial customers, along with other income streams directly related to the operation of the plants 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 No depreciation is provided on freehold land or assets in the course of construction

E.ON UK Cogeneration Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

(continued)

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

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

Stock

Stock is 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 Group are consolidated at each month 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 profits 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 Financial Reporting Standard 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 substantially 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 Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

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 consolidated 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 AG Group or investees of the E ON AG 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 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2011 £ 000	2010 £ 000
Hire of plant and machinery	**93**	-
Foreign currency losses	**28**	-
Depreciation of owned assets	**3,106**	2,088
Impairment of tangible fixed assets	**8**	(317)

Auditors' remuneration of £12,500 (2010 £12,500) was borne by E ON UK plc, the intermediate parent undertaking, and not recharged

The directors received no emoluments from the Company during the year (2010 £nil)

4 Employee information

The average monthly number of persons (excluding directors) employed by the Company or the group in respect of the Company during the year was as follows In addition, £650,000 (2010 £nil) of central salary costs associated with total CHP activities in the UK have been recharged to the Company

	2011 No.	2010 No.
Production	36	36

The associated salaries and related costs were

	2011 £ 000	2010 £ 000
Wages and salaries	2,127	1,444
Social security costs	147	140
Staff pensions	357	338
	2,631	1,922

5 Interest receivable and similar income

	2011 £ 000	2010 £ 000
Discount unwind on long term receivable	280	391

6 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Interest - accretion of discount	130	174

7 Tax on profit on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		
Corporation tax charge/(credit)	**838**	(225)
Adjustments in respect of prior periods	**154**	(113)
UK corporation tax	**992**	(338)
Deferred tax		
Origination and reversal of timing differences	**163**	497
Deferred tax adjustment relating to previous years	**660**	(9)
Effect of changes in tax rates	**(94)**	10
Unwinding of discount	**(151)**	23
Total deferred tax	**578**	521
Total tax on profit on ordinary activities	**1,570**	183

Factors affecting current tax charge/(credit) for the year

The difference between the tax on the profit on ordinary activities for the year and the tax assessed on the profit on ordinary activities for the year assessed at the effective rate of corporation tax in the UK at 26 5% (2010 28%) can be explained as follows

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	**3,380**	94
Corporation tax at effective rate	**896**	27
Capital allowances in excess of depreciation	**(182)**	(591)
Other timing differences	**9**	85
Expenses not deductible for tax purposes	**115**	254
Adjustment in respect of previous periods	**154**	(113)
Total current tax	**992**	(338)

A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax from 28% to 26% from 1 April 2011

The Finance Act 2011 was substantively enacted on 5 July 2011 and included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 In addition, the Finance Act 2011 included measures to reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18% with effect from 1 April 2012 The deferred tax liability at 31 December 2011 has been re-measured accordingly

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

The effect of the change in the corporation tax rate from 25% to 24% is to decrease the deferred tax liability provided for at the balance sheet date by £38,000 This £38,000 decrease in the deferred tax liability would increase profit by £38,000

The overall effect of the further changes from 24% to 22%, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional £83,000

The corporation tax payable has been reduced by £992,000 because of group relief received from a fellow group undertaking for which a payment will be made (2010 £338,000 payment received)

8 Tangible assets

	Freehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2011	13	139,081	139,094
Additions	-	3,848	3,848
Disposals	-	393	393
At 31 December 2011	13	143,322	143,335
Accumulated depreciation			
At 1 January 2011	-	110,942	110,942
Charge for the year	-	3,106	3,106
Impairment	-	8	8
Eliminated on disposals	-	394	394
At 31 December 2011	-	114,450	114,450
Net book value			
At 31 December 2011	13	28,872	28,885
At 31 December 2010	13	28,139	28,152

During the year changes in accounting estimates for the decommissioning provision resulted in additions of £820,000 (2010 £426,000) being recorded in these financial statements The closing net book value includes £1,546,000 (2010 £751,000) relating to the assets associated to the cost of decommissioning the sites

9 Stocks

	2011 £ 000	2010 £ 000
Fuel stocks	**76**	63
Stores	**2,528**	2,388
	2,604	2,451

10 Debtors

	2011 £ 000	2010 £ 000
Trade debtors	**4,952**	5,042
Amounts owed by group undertakings	**33,390**	31,211
Other taxation and social security	**-**	267
Other debtors	**9,677**	7,298
Prepayments and accrued income	**43**	203
	48,062	44,021

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

Debtors includes £2,506,000 (2010 £4,818,000) of other debtors receivable after more than one year

Other debtors consist of revenue recognised in the profit and loss account that will be received in instalments to 2013 The total discounted present value of the fee due at 31 December 2011 is £5,902,000 (2010 £7,298,000), of which £3,396,000 (2010 £2,480,000) is due in less than one year The remaining £2,506,000 (2010 £4,818,000) falls due after more than one year

11 Creditors: amounts falling due within one year

	2011 £ 000	2010 £ 000
Trade creditors	**1,621**	191
Amounts owed to group undertakings	**61,386**	58,306
Other taxes and social security	**95**	54
Accruals and deferred income	**1,997**	4,866
	65,099	63,417

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

12 Provisions for liabilities

	Deferred tax £ 000	Decommissioning provision £ 000	Contract provision £ 000	Total £ 000
At 1 January 2011	237	3,031	184	3,452
Charged/(released) to the profit and loss account	578	-	(93)	485
Accretion of discount	-	117	13	130
Capitalised in tangible assets	-	820	-	820
	578	937	(80)	1,435
At 31 December 2011	815	3,968	104	4,887

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

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 credit of £93,000 (2010 £184,000 charge) was recorded in these financial statements as a result of this review The discount rate used to calculate the expected future value is 9 5% (2010 6 9%)

Analysis of deferred tax

	2011 £ 000	2010 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	**2,356**	1,505
Other timing differences	**(1,018)**	(896)
	1,338	609
Discount	**(523)**	(372)
Discounted provision for deferred tax	**815**	237

The Finance Act 2011 included legislation to reduce the main rate of corporation tax to 25% and reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18% with effect from 1 April 2012 The deferred tax liability at 31 December 2011 has been re-measured accordingly

Within the deferred tax charge of £578,000, the amounts that relate to the change in the tax rate and the reduction in the capital allowances are £94,000 credit and £13,000 charge respectively

13 Called up share capital

Allotted and fully paid

	2011		2010	
	No.	**£ 000**	**No.**	**£ 000**
Ordinary shares of £1 each	2	-	2	-

14 Reserves

	Profit and loss account £ 000
At 1 January 2011	7,755
Profit for the year	1,810
At 31 December 2011	9,565

15 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
Profit/(loss) attributable to the members of the Company	**1,810**	(89)
Net addition/(reduction) to shareholders' funds	**1,810**	(89)
Shareholders' funds at 1 January	**7,755**	7,844
Shareholders' funds at 31 December	**9,565**	7,755

E.ON UK Cogeneration Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

(continued)

16 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 £357,000 (2010 £338,000)

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

17 Ultimate parent

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

E ON AG
E ON-Platz 1
D-40479
Dusseldorf
Germany