

CHN ELECTRICAL SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2010



Registered No: 2980221

CHN ELECTRICAL SERVICES LIMITED

Report of the directors for the year ended 31 December 2010

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010.

Principal activities

The Company's historic principal activity was that of an electrical contractor. On 31 December 2009, the trade and certain assets were transferred to, and certain liabilities of the Company were assumed by, E.ON UK Property Services Limited (formerly CHN Gas Service and Maintenance Limited). The Company ceased trading with effect from 1 January 2010

Business review

Fair review of the Company's business

Following the transfer of the trade and certain assets to, and the assumption of certain liabilities by, E.ON UK Property Services Limited on 31 December 2009, the Company has ceased trading. During the year cash balances were transferred and external liabilities settled, being replaced by inter-company balances. The future of the Company is currently being considered by the directors of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risk and uncertainty affecting the Company are considered to relate to the inter-company debts. 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 Energy Services 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.

Results and dividends

The Company's profit for the financial year is £1,000 (2009: profit of £262,000). The directors do not recommend the payment of a dividend (2009: £nil).

CHN ELECTRICAL SERVICES LIMITED

Report of the directors for the year ended 31 December 2010 (continued)

Directors

The directors who held office during the year and subsequent to the year end are given below:

Mr D A Leiper	
Mr M Hoehler	(appointed 1 February 2010, resigned 23 February 2011)
Mr M L Thomas	(appointed 24 May 2011)
Mr C Goulton	(resigned 1 February 2010)

Contributions to political and charitable purposes

Donations to charitable organisations during the financial year by the Company amounted to £nil (2009: £nil). No political donations were made (2009: £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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.

Directors' indemnities

The Company maintains liability insurance for its directors and officers. This is a qualifying indemnity provision for the purposes of the Companies Act 2006.

CHN ELECTRICAL SERVICES LIMITED

Report of the directors for the year ended 31 December 2010 (continued)

Disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD



M L Thomas

Director

CHN Electrical Services Limited

Registered No. 2980221

Westwood Way

Westwood Business Park

Coventry

CV4 8LG

27 July 2011

Independent auditor's report to the member of CHN Electrical Services Limited

We have audited the financial statements of CHN Electrical Services Limited for the year ended 31 December 2010 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 member 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

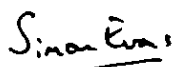
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

27 July 2011

CHN ELECTRICAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

		Year ended 31 December 2010	Year ended 31 December 2009
	Note	£'000	£'000
Turnover	2	-	10,227
Cost of sales		-	(9,267)
Gross profit		-	960
Net operating expenses	3	-	(577)
Operating result/profit	4	-	383
Interest receivable and similar income		1	-
Profit on ordinary activities before taxation		1	383
Tax on profit on ordinary activities	6	-	(121)
Profit for the financial year		1	262

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

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

All of the above amounts relate to discontinued operations.

The accounting policies and the notes on pages 7 to 12 form part of these financial statements.

CHN ELECTRICAL SERVICES LIMITED

BALANCE SHEET **AS AT 31 DECEMBER 2010**

	Note	At 31 December 2010 £'000	At 31 December 2009 £'000
Current assets			
Debtors: amounts falling due within one year	7	875	791
Cash at bank and in hand		-	83
Net assets		875	874
Capital and reserves			
Called-up share capital	8	1	1
Profit and loss reserve	9	874	873
Total shareholder's funds	10	875	874

The financial statements on pages 5 to 12 were approved by the Board of Directors on 27 July 2011 and were signed on its behalf by



M L Thomas
Director
CHN Electrical Services Limited
Registered No' 2980221

27 July 2011

The accounting policies and the notes on pages 7 to 12 form part of these financial statements.

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements **for the year ended 31 December 2010**

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, all of which have been consistently applied. The principal accounting policies are set out below

(a) Operating leases

Leases in which a significant 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.

(b) Taxation

The tax result for the year is based on the profit on ordinary activities for the year and 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'. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

(c) Pensions

Pension costs represent amounts recharged by the intermediate parent company, E.ON UK plc, for the cost of contributions to defined benefit and defined contribution schemes. Further details of these schemes are available in E.ON UK plc's consolidated financial statements

(d) Turnover

Turnover during 2009 comprised revenue from contracted electrical work completed in the year. Turnover excludes value added tax. Turnover was recognised when the contracted works were carried out.

(e) Cash flow statement

The Company is a wholly-owned subsidiary undertaking of E.ON AG, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON AG and its subsidiaries and associates (together, "the E.ON Group"). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

(f) Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with the E.ON Group or investees of the E.ON Group.

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

(g) Inter-company balances

Inter-company payable and receivable trading balances within the group are consolidated at each month end into a single balance with the Company. These transactions are net settled through this arrangement with the Company. 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.

2 Turnover

Turnover, which excludes value added tax, represented the value of goods and services provided, during 2009. The Company's turnover, all of which arose in the course of the Company's principal activity, arose in the UK.

3 Net operating expenses

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Administrative expenses	-	577

4 Operating result/profit

Operating result/profit is stated after charging:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Depreciation of tangible fixed assets:		
Owned assets	-	44
Operating lease charges		
Plant and machinery	-	21
Other	-	274

The directors received no emoluments from the Company during the year (2009: £nil).

Auditors' remuneration was borne by the intermediate parent undertaking, E.ON UK plc, and not recharged

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements **for the year ended 31 December 2010 (continued)**

5 Employee information

The Company had no employees during the year (2009. none) The average monthly number of persons (including executive directors) who provided services to the Company during the year was:

By activity	Year ended 31 December 2010	Year ended 31 December 2009
Production	-	131
Administration	-	9
	<u>-</u>	<u>140</u>

The salaries and related costs of employees, including directors, recharged to the Company by E ON UK plc were:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Wages and salaries	-	3,754
Social security costs	-	371
Other pension costs	-	84
	<u>-</u>	<u>4,209</u>

6 Tax on profit on ordinary activities

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Current tax:		
UK corporation tax on profits for the year	-	113
Adjustment in respect of previous periods	-	17
Total current tax charge	<u>-</u>	<u>130</u>
Deferred tax:		
Origination and reversal of timing differences	-	(1)
Adjustment in respect of previous periods	-	(8)
Total deferred tax charge	<u>-</u>	<u>(9)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>121</u>

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

6 Tax on profit on ordinary activities (continued)

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 standard rate of corporation tax in the UK at 28% can be explained as follows:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before tax	<u>1</u>	<u>383</u>
Tax on profit on ordinary activities before tax at 28% (2009: 28%)	-	107
<i>Effects of</i>		
Depreciation in excess of capital allowances	-	5
Expenses not deductible for tax purposes	-	1
Adjustment in respect of previous periods	-	17
Current tax charge for the year	<u>-</u>	<u>130</u>

The Finance (No. 2) Act 2010 was substantively enacted on 20 July 2010 and includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. These changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The Budget also included measures to reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18% and on the special rate pool to 8%, both with effect from 1 April 2012.

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 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 has reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014.

In 2009, the corporation tax payable was reduced by £130,000 because of group relief received from a fellow group undertaking for which payment of £130,000 was made.

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements
for the year ended 31 December 2010 (continued)

7 Debtors: amounts falling due within one year

	At 31 December 2010 £'000	At 31 December 2009 £'000
Amounts owed by group undertakings	875	766
Corporation tax	-	25
	875	791

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

8 Called-up share capital

	At 31 December 2010 £'000	At 31 December 2009 £'000
Authorised		
10,000 ordinary shares of £1 each	10	10
Allotted, called-up and fully paid		
1,000 ordinary shares of £1 each	1	1

9 Reserves

	Profit and loss reserve £'000
At 1 January 2010	873
Profit for the financial year	1
At 31 December 2010	874

CHN ELECTRICAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Reconciliation of movements in shareholder's funds

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit for the financial year	1	262
Net addition to shareholder's funds	1	262
Opening shareholder's funds	874	612
Closing shareholder's funds	875	874

11 Financial commitments

The Company had annual commitments under non-cancellable operating leases in respect of motor vehicles expiring as follows:

	At 31 December 2010 £'000	At 31 December 2009 £'000
within one year	-	216
within two to five years	-	310
	-	526

12 Ultimate parent undertaking and controlling party

The immediate parent undertaking is CHN Group Ltd. The ultimate parent undertaking and controlling party is E.ON AG, a company incorporated in Germany, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is that of which E.ON UK plc, the principal UK trading subsidiary of E.ON AG, is the parent undertaking. Copies of E.ON AG's accounts are available from the offices of E.ON AG at the following address:

E.ON AG
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D-40479
Dusseldorf
Germany