

Company number 3273552

# Cottam Development Centre Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011



**Cottam Development Centre 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

E ON UK Directors Limited

**Principal activity**

The Company's principal activity during the year and at the year end was to act as a financing company for the E ON UK plc group

**Business review**

**Fair review of the business**

The position of the Company at the year end was as anticipated. The directors believe that the present level of activity will be sustained in the current year.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the E ON UK plc consolidated group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of E ON UK plc, which include those of the Company, are discussed 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 Generation 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 £400,000 (2010 profit of £270,000). The directors do not recommend the payment of a final dividend (2010: £nil).

**Political donations**

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

**Charitable donations**

No charitable donations were made during the year (2010: £nil).

**Cottam Development Centre Limited**  
**Directors' Report for the Year Ended 31 December 2011**  
**(continued)**

**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.

**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 6 September 2012 and signed on its behalf by



**D J Morgan**  
Director

Cottam Development Centre Limited  
Company No 3273552  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

## **Independent Auditors' Report to the Members of Cottam Development Centre Limited**

We have audited the financial statements of Cottam Development Centre Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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  
Cottam Development Centre 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 (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

East Midlands

Date 25/9/12

**Cottam Development Centre Limited**  
**Profit and Loss Account for the Year Ended 31 December 2011**

	Note	2011 £ 000	2010 £ 000
Administrative expenses		-	(32)
<b>Operating profit/(loss)</b>	2	-	(32)
Interest receivable and similar income	3	544	419
<b>Profit on ordinary activities before taxation</b>		544	387
Tax on profit on ordinary activities	4	(144)	(117)
<b>Profit for the financial year</b>	8	400	270

Operating profit/(loss) derives wholly from continuing operations

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 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 7 to 10 form an integral part of these financial statements

**Cottam Development Centre Limited**  
**(Company number: 3273552)**  
**Balance Sheet as at 31 December 2011**

	Note	2011 £ 000	2010 £ 000
<b>Current assets</b>			
Debtors	5	39,495	39,330
<b>Creditors: amounts falling due within one year</b>	6	<u>(13,716)</u>	<u>(13,951)</u>
<b>Net assets</b>		<u><b>25,779</b></u>	<u><b>25,379</b></u>
<b>Capital and reserves</b>			
Called up share capital	7	19,978	19,978
Profit and loss account	8	<u>5,801</u>	<u>5,401</u>
<b>Total shareholders' funds</b>	9	<u><b>25,779</b></u>	<u><b>25,379</b></u>

Approved by the Board on 6 September 2012 and signed on its behalf by

  
**D J Morgans**  
 Director

Cottam Development Centre Limited

The notes on pages 7 to 10 form an integral part of these financial statements

**Cottam Development Centre Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2011**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention 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 group.

**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.

**Taxation**

The tax charge for the year is based on the profits on ordinary activities for the year.

**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 Operating profit/(loss)**

Auditors' remuneration of £3,000 (2010: £3,000) was borne by the immediate parent undertaking, E.ON UK plc and not recharged.

There were no employees during the year (2010: none).

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

**3 Interest receivable and similar income**

	2011 £ 000	2010 £ 000
Interest receivable from group undertakings	<u>544</u>	<u>419</u>



**Cottam Development Centre Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2011**  
**(continued)**

**4 Tax on profit on ordinary activities**

	2011 £ 000	2010 £ 000
<b>Current tax</b>		
UK corporation tax charge	<u>144</u>	<u>117</u>

**Factors affecting current tax charge 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	<u>544</u>	<u>387</u>
Tax on profit on ordinary activities before taxation at 26.5% (2010: 28%)	144	108
Expenses not deductible for tax purposes	<u>-</u>	<u>9</u>
Total current tax	<u>144</u>	<u>117</u>

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 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 corporation tax payable has been reduced by £144,000 because of group relief received from a fellow group undertaking for which a payment will be made (2010: £117,000)

**Cottam Development Centre Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2011**  
*(continued)*

**5 Debtors**

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings	<u>39,495</u>	<u>39,330</u>

Amounts owed by group undertakings of £39,042,000 (2010 £38,525,000) are unsecured, interest bearing at a rate of LIBOR minus 12.5 basis points and repayable in September 2012. All other amounts are unsecured, interest free and repayable on demand.

**6 Creditors: amounts falling due within one year**

	2011 £ 000	2010 £ 000
Amounts owed to group undertakings	<u>13,716</u>	<u>13,951</u>

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

**7 Called up share capital**

**Allotted and fully paid**

	2011		2010	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	19,978,000	19,978	19,978,000	19,978

**8 Reserves**

	Profit and loss account £ 000
At 1 January 2011	5,401
Profit for the financial year	<u>400</u>
<b>At 31 December 2011</b>	<u><b>5,801</b></u>

**Cottam Development Centre Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2011**  
*(continued)*

**9 Reconciliation of movement in shareholders' funds**

	<b>2011</b> <b>£ 000</b>	<b>2010</b> <b>£ 000</b>
Profit attributable to the members of the Company	<u>400</u>	<u>270</u>
Net addition to shareholders' funds	400	270
Shareholders' funds at 1 January	<u>25,379</u>	<u>25,109</u>
<b>Shareholders' funds at 31 December</b>	<b><u>25,779</u></b>	<b><u>25,379</u></b>

**10 Ultimate parent**

The Company is controlled by E ON UK plc. 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