

COTTAM DEVELOPMENT CENTRE LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2009



Registered No: 3273552

COTTAM DEVELOPMENT CENTRE LIMITED

Report of the directors for the year ended 31 December 2009

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2009.

Principal activities

Since 27 April 2004, the Company has not traded with the exception of interest receivable on a loan to E ON UK plc, the parent undertaking.

Business review

Fair review of the Company's business

The Company does not trade and receives interest on inter-company loan assets

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 £1,226,000 (2008: £1,504,000). The directors do not recommend the payment of a dividend (2008: £nil)

Directors

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

Mr D J Morgans
E.ON UK Directors Limited

Statement of directors' responsibilities

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

COTTAM DEVELOPMENT CENTRE LIMITED

Report of the directors for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities (continued)

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 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.

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



D J Morgans
Director
Cottam Development Centre Limited
Registered No 3273552
Westwood Way
Westwood Business Park
Coventry, CV4 8LG

8 September 2010

**Independent auditor's report to the member of
Cottam Development Centre Limited**

We have audited the financial statements of Cottam Development Centre Limited for the year ended 31 December 2009 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 Directors' Responsibilities Statement, 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 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 2009 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.

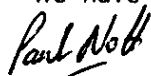
Opinion on other matter prescribed by the Companies Act 2006

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.



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

8 September 2010

COTTAM DEVELOPMENT CENTRE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Interest receivable and similar income	3	1,702	2,104
Profit on ordinary activities before taxation		1,702	2,104
Tax on profit on ordinary activities	4	(476)	(600)
Profit for the financial year		1,226	1,504

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 the above amounts relate to continuing operations

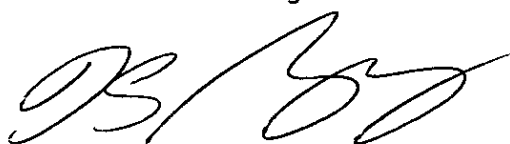
The accounting policies and the notes on pages 6 to 9 form part of these financial statements

COTTAM DEVELOPMENT CENTRE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	At 31 December 2009 £'000	At 31 December 2008 £'000
Current assets			
Debtors: amounts falling due within one year	5	40,291	37,450
Creditors: amounts falling due within one year	6	(15,182)	(13,567)
Net assets		25,109	23,883
Capital and reserves			
Called-up share capital	7	19,978	19,978
Profit and loss reserve	8	5,131	3,905
Total shareholder's funds	9	25,109	23,883

The financial statements on pages 4 to 9 were approved by the Board of Directors on 8 September 2010 and were signed on its behalf by:



D J Morgans
Director

8 September 2010

The accounting policies and the notes on pages 6 to 9 form part of these financial statements

COTTAM DEVELOPMENT CENTRE LIMITED

Notes to the financial statements **for the year ended 31 December 2009**

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) Taxation

The tax charge for the year is based on the profits or losses 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date 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.

(b) 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).

(c) 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.

2 Operating profit

The Company carried out no trade during the year other than the provision of funding to fellow E.ON Group entities.

Administration costs

All administration costs were borne by the parent undertaking E.ON UK plc and not recharged.

The directors received no emoluments from the Company during the year (2008: £nil).

Auditors' remuneration of £5,000 (2008: £5,000) was borne by the parent undertaking E.ON UK plc and not recharged.

There were no employees during the year (2008: nil).

COTTAM DEVELOPMENT CENTRE LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

3 Interest receivable and similar income

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Interest receivable from group undertakings	<u>1,702</u>	<u>2,104</u>

4 Tax on profit on ordinary activities

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Current tax:		
UK corporation tax on profits for the year	<u>476</u>	<u>600</u>
Tax on profit on ordinary activities	<u>476</u>	<u>600</u>

There is no difference between the tax on 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 (28%).

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits were taxed at an effective rate of 28.5% in 2008 and 28% in 2009.

The corporation tax payable for the year has been reduced by £476,000 because of group relief received from a fellow group undertaking for which a payment will be made (2008: £600,000).

5 Debtors: amounts falling due within one year

	At 31 December 2009 £'000	At 31 December 2008 £'000
Amounts owed by group undertakings	<u>40,291</u>	<u>37,450</u>

Included within amounts owed by group undertakings is an unsecured loan of £38,147,000 (2008: £35,306,000), which bears interest relative to LIBOR and is repayable on 17 September 2010. All remaining amounts owed by group undertakings are unsecured, interest free and repayable on demand.

COTTAM DEVELOPMENT CENTRE LIMITED

Notes to the financial statements
for the year ended 31 December 2009 (continued)

6 Creditors: amounts falling due within one year

	At 31 December 2009 £'000	At 31 December 2008 £'000
Amounts owed to group undertakings	15,182	13,567

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

7 Called up share capital

	At 31 December 2009 £'000	At 31 December 2008 £'000
Authorised		
30,000,000 ordinary shares of £1 each	30,000	30,000
Allotted, called-up and fully paid		
19,978,000 ordinary shares of £1 each	19,978	19,978

8 Reserves

	Profit and loss reserve £'000
At 1 January 2009	3,905
Profit for the financial year	1,226
At 31 December 2009	5,131

9 Reconciliation of movements in shareholder's funds

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Profit for the financial year	1,226	1,504
Net addition to shareholder's funds	1,226	1,504
Opening shareholder's funds	23,883	22,379
Closing shareholder's funds	25,109	23,883

COTTAM DEVELOPMENT CENTRE LIMITED

Notes to the financial statements **for the year ended 31 December 2009 (continued)**

10 Ultimate parent undertaking and controlling party

The immediate parent undertaking is E.ON UK plc. 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:

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Dusseldorf
Germany