INDUSTRY DEVELOPMENT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2010

Registered No: 3810087

INDUSTRY DEVELOPMENT 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 principal activity during the year and at the year end was gas training and consultancy

Business review

Fair review of the Company's business

Difficult trading conditions have led to a deterioration in the results for the year. The directors believe that the level of business and the financial position of the Company will improve during the current year

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 competition and the general economic environment 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 loss for the financial year is £52,000 (2009: loss of £23,000). The directors do not recommend the payment of a dividend (2009: £nil)

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)

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

Going concern

Notwithstanding the fact that the Company has been loss making and 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 indirect parent undertaking and 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.

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
Industry Development Services Limited
Registered No: 3810087
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

27 July 2011

Independent auditors' report to the member of Industry Development Services Limited

We have audited the financial statements of Industry Development 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 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

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

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

27 July 2011

INDUSTRY DEVELOPMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**Year ended 31 December 2010**	Year ended 31 December 2009
		£'000	£'000
Turnover	2	**291**	398
Cost of sales		**(65)**	(128)
Gross profit		**226**	270
Net operating expenses	3	**(301)**	(308)
Operating loss	4	**(75)**	(38)
Interest payable and similar charges	6	**(1)**	-
Loss on ordinary activities before taxation		**(76)**	(38)
Tax on loss on ordinary activities	7	**24**	15
Loss for the financial year		**(52)**	(23)

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 and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

All of the above amounts relate to continuing operations

The accounting policies and the notes on pages 7 to 15 form part of these financial statements.

INDUSTRY DEVELOPMENT SERVICES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	At 31 December 2010 £'000	At 31 December 2009 £'000
Fixed assets			
Tangible assets	8	**65**	86
Current assets			
Stock	9	**1**	2
Debtors amounts falling due within one year	10	**133**	175
Cash at bank and in hand		**1**	13
		135	190
Creditors: amounts falling due within one year	11	**(334)**	(338)
Net current liabilities		**(199)**	(148)
Total assets less current liabilities		**(134)**	(62)
Creditors: amounts falling due after more than one year	12	**(35)**	(50)
Provisions for liabilities	13	**(14)**	(19)
Net liabilities		**(183)**	(131)
Capital and reserves			
Called-up share capital	14	**1**	1
Profit and loss reserve	15	**(184)**	(132)
Total shareholder's deficit	16	**(183)**	(131)

The financial statements on pages 5 to 15 were approved by the Board of Directors on 27 July 2011 and were signed on its behalf by:

M L Thomas
Director
Industry Development Services Limited
Registered No 3810087

27 July 2011

The accounting policies and the notes on pages 7 to 15 form part of these financial statements

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) Tangible assets

Tangible assets are stated at their purchase or production cost less accumulated depreciation. 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. Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight-line basis over their useful economic lives The estimated useful economic lives used for the principal categories of tangible assets are as follows:

Fixtures and fittings	10 years / 3 years

(b) Government grants

Government grants are included within deferred income in the balance sheet and amortised through the profit and loss account within other operating income The timing of the amortisation of the grant is so as to match the useful economic lives of the tangible assets to which the grants relate.

(c) 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.

(d) Stocks and stores

Stocks and stores are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving or defective stocks. 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. Stocks and stores are raw materials under this definition.

(e) Pension costs

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.

(f) Deferred Income

Amounts received in advance in respect of the provision of courses for future periods are taken to deferred income and recognised through the profit and loss account in the period to which the courses relate.

1 Accounting policies (continued)

(g) Taxation

The tax credit for the year is based on the 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'. Timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and depreciation of tangible assets 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.

(h) Turnover

Turnover comprises revenue from gas and plumbing training services to individuals and training organisations and is recognised when supplied. Turnover excludes value added tax.

(i) 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).

(j) 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.

(k) 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.

(l) Going concern

Notwithstanding the fact that the Company has been loss making and 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 indirect parent undertaking and 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

2 Turnover

Turnover, which excludes value added tax, represents the value of gas and plumbing training services The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

3 Net operating expenses

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Administrative expenses	**(316)**	(323)
Other operating income	**15**	15
	(301)	(308)

4 Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Depreciation of tangible assets:		
Owned assets	**17**	22
Loss on disposal of tangible assets	**4**	-
Operating lease charges.		
Other	**2**	1
Government grants released in the year	**(15)**	(15)

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

Auditor's remuneration of £2,000 (2009 £2,000) was borne by the intermediate parent undertaking E.ON UK Energy Services Limited and not recharged.

5 Employee information

The Company had no employees during the year (2009: none). The Company is charged by E.ON UK plc for the services of the following employees·

By activity	**Year ended 31 December 2010**	Year ended 31 December 2009
Administration	**6**	6

5 Employee information (continued)

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	**132**	127
Social security costs	**13**	12
Other pension costs	**12**	6
	157	145

6 Interest payable and similar charges

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest payable to group undertakings	**1**	-

7 Tax on loss on ordinary activities

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Current tax:		
UK corporation tax on losses for the year	**(20)**	(10)
Adjustment in respect of previous periods	**1**	-
Total current tax credit	**(19)**	(10)
Deferred tax:		
Origination and reversal of timing differences	**(5)**	(5)
Changes in tax laws and rates	**(1)**	-
Unwinding of deferred tax	**1**	-
Total deferred tax credit (note 13)	**(5)**	(5)
Tax on loss on ordinary activities	**(24)**	(15)

7 Tax on loss on ordinary activities (continued)

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 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
Loss on ordinary activities before tax	**(76)**	(38)
Tax on loss on ordinary activities before tax at 28% (2009 28%)	**(21)**	(11)
Effects of		
Capital allowances in excess of depreciation	**5**	5
Income not taxable	**(4)**	(4)
Adjustment in respect of previous periods	**1**	-
Current tax credit for the year	**(19)**	(10)

The Finance (No. 2) Act 2010 was substantively enacted on 20 July 2010 and included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 The deferred tax asset at 31 December 2010 has been re-measured accordingly.

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, proposed 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.

The effect of the changes enacted by Parliament on 29 March 2011 is to reduce the deferred tax liability provided at the balance sheet date by £500. This decrease in the deferred tax liability is due to the additional reduction in the corporation tax rate to 26% with effect from 1 April 2011.

The effect of the changes enacted in the Finance Act 2011 would be to further reduce the deferred tax liability provided at the balance sheet date by an additional £400. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26% to 25% and a reduction in 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% with effect from 1 April 2012.

7 Tax on loss on ordinary activities (continued)

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional £600.

The corporation tax receivable has been reduced by £19,000 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2009: £10,000) Accordingly no tax losses are available for carry forward

8 Tangible fixed assets

	Fixtures and fittings £'000
Cost:	
At 1 January 2010	215
Disposals	(9)
At 31 December 2010	**206**
Accumulated depreciation:	
At 1 January 2010	129
Charge for the year	17
Disposals	(5)
At 31 December 2010	**141**
Net book value:	
At 31 December 2010	**65**
At 31 December 2009	86

9 Stocks

	At 31 December 2010 £'000	At 31 December 2009 £'000
Raw materials and consumables	**1**	2

10 Debtors: amounts falling due within one year

	At 31 December 2010 £'000	At 31 December 2009 £'000
Trade debtors	**16**	72
Amounts owed by group undertakings	**98**	81
Prepayments and accrued income	**19**	22
	133	175

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

11 Creditors: amounts falling due within one year

	At 31 December 2010 £'000	At 31 December 2009 £'000
Bank loans and overdrafts	**3**	-
Trade creditors	**4**	11
Loan from group undertakings	**286**	-
Amounts owed to group undertakings	**-**	262
Other taxation and social security	**6**	5
Accruals	**8**	8
Deferred income	**27**	52
	334	338

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

The loan from group undertaking is unsecured, bears interest at a rate of LIBOR plus 50 basis points and is repayable on demand

12 Creditors: amounts falling due after more than one year

	At 31 December 2010 £'000	At 31 December 2009 £'000
Deferred income	**35**	50

13 Provisions for liabilities

The deferred tax provision comprises:

	At 31 December 2010 £'000	At 31 December 2009 £'000
Accelerated capital allowances	**15**	20
Undiscounted provision for deferred tax	**15**	20
Discount	**(1)**	(1)
Discounted provision for deferred tax	**14**	19

The opening and closing deferred tax positions can be reconciled as follows:

	£'000
Deferred tax provision at 1 January 2010	19
Deferred tax credit to profit and loss account (see note 7)	(5)
Deferred tax provision at 31 December 2010	**14**

During the year, as a result of the change in the UK corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured. Within the current year deferred tax credit of £5,000, the amount that relates to the change in tax rate is £1,000 (see note 7).

14 Called-up share capital

	At 31 December 2010 £'000	At 31 December 2009 £'000
Authorised		
100,000 ordinary shares of £1 each	**100**	100
Allotted, called-up and fully paid		
500 ordinary shares of £1 each	**1**	1

15 Reserves

	Profit and loss reserve £'000
At 1 January 2010	(132)
Loss for the financial year	(52)
At 31 December 2010	**(184)**

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

16 Reconciliation of movements in shareholder's deficit

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Loss for the financial year	**(52)**	(23)
Opening shareholder's deficit	**(131)**	(108)
Closing shareholder's deficit	**(183)**	(131)

17 Pension commitments

The intermediate parent company, E ON UK plc, contributes to various defined contribution pension schemes on behalf of the Company The assets of the schemes are held separately from those of the Company in independently administered funds The related pension costs represent amounts recharged by the parent company, E.ON UK plc, for contributions to the fund

The cost of contributions to the schemes amounts to £12,000 (2009: £6,000) No amounts are included within amounts owed to group undertakings being the outstanding contributions to the schemes in both periods under report.

18 Financial commitments

The Company had annual commitments under non-cancellable operating leases in respect of land and buildings expiring as follows:

	At 31 December 2010 £'000	At 31 December 2009 £'000
within one year	**50**	50
within two to five years	**50**	50
	100	100

19 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
E.ON-Platz 1
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Dusseldorf
Germany