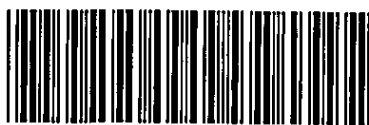


POWERGEN WARM FRONT LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2008

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COMPANIES HOUSE

Registered No: 4725781

POWERGEN WARM FRONT LIMITED

Report of the directors for the year ended 31 December 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The principal activity of the Company was to provide energy efficiency measures in fuel poor homes as detailed in the Department of Environment, Food and Rural Affairs (DEFRA) document 'Homes Energy Efficiency Scheme (England) Regulations 2000'. The Company had administered the carrying out of measures following the successful tender for Lot 2 of England (a region including all local authorities on the eastern side of England, from Essex to North Yorkshire).

The contract with DEFRA ended on 31 May 2005. Following the loss of the contract, the Company has not traded and the directors are considering the Company's future.

Business review

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 management of these risks is chiefly undertaken at the E.ON UK plc consolidated group level ('group').

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 Retail 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 was set up as a not for profit organisation. Any profits made by the efficient administration of the scheme were used to supplement funding available for installation of further measures in fuel poor homes.

The Company's surplus for the year is £nil (2007: £543).

Directors

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

E.ON UK Directors Limited
Mr G J Bartlett

POWERGEN WARM FRONT LIMITED

Report of the directors for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and 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.
- d) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

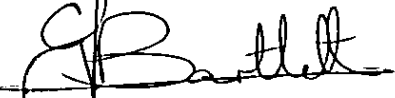
Auditors and disclosure of information to auditors

So far as 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.

Auditors

On 16 November 2004, the Company passed an elective resolution dispensing with the requirement to appoint auditors annually. Therefore PricewaterhouseCoopers LLP will continue in office.

ON BEHALF OF THE BOARD



Mr G J Bartlett
Director
Powergen Warm Front Limited
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

6 July 2009

Independent auditor's report to the members of Powergen Warm Front Limited

We have audited the financial statements of Powergen Warm Front Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
7 July 2009

POWERGEN WARM FRONT LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

		Year ended 31 December 2008	Year ended 31 December 2007
	Note	£	£
Surplus on ordinary activities before taxation	2	-	-
Tax on surplus on ordinary activities	3	-	543
Surplus for the financial year		-	543
Balance on income and expenditure reserve at start of year		2,013	1,470
Balance on income and expenditure reserve at end of year		2,013	2,013

There are no material differences between the surplus on ordinary activities before taxation and the surplus for the year stated above and their historical cost equivalents.

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

All the above amounts relate to discontinued operations following the completion of the contract with DEFRA on 31 May 2005. The Company has not traded during the year.

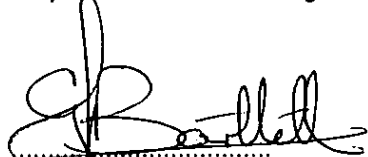
The accounting policies and the notes on pages 6 to 9 form part of these financial statements.

POWERGEN WARM FRONT LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	At 31 December 2008 £	At 31 December 2007 £
Current assets			
Debtors: amounts falling due within one year	4	11,018	2,437
Creditors: amounts falling due within one year	5	(9,004)	(423)
Net current assets		2,014	2,014
Net assets		2,014	2,014
Capital and reserves			
Called-up share capital	6	1	1
Income and expenditure account		2,013	2,013
Total shareholders' funds	7	2,014	2,014

The financial statements on pages 4 to 9 were approved by the Board of Directors on 6 July 2009 and were signed on its behalf by:



Mr G-J Bartlett
Director

6 July 2009

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

POWERGEN WARM FRONT LIMITED

Notes to the financial statements **for the year ended 31 December 2008**

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards, all of which have been consistently applied. The financial statements depart from the Companies Act 1985 in that the profit and loss account has been replaced by an income and expenditure account. The directors consider this presentation is more appropriate given the nature of the Company's activities.

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'.

(b) Cash flow statement

The Company is a wholly-owned subsidiary undertaking of E.ON AG, the ultimate parent undertaking of the E.ON Group, and is included in the publicly available consolidated financial statements of E.ON AG. 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 E.ON AG, its subsidiaries and associates (together "the E.ON Group") or investees of the E.ON Group.

2 Surplus on ordinary activities before taxation

The directors received no emoluments from the Company during the year (2007: £nil).

Auditors' remuneration of £2,000 (2007: £2,000) was borne by the immediate parent undertaking E.ON Energy Limited (formerly Powergen Retail Limited) and was not recharged.

There were no employees during the year (2007: £nil).

POWERGEN WARM FRONT LIMITED

Notes to the financial statements
for the year ended 31 December 2008 (continued)

3 Tax on surplus on ordinary activities

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Current tax:		
UK corporation tax on surplus for the year	-	(543)
Tax on surplus on ordinary activities	-	(543)

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 (28%) can be explained as follows:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities before tax at 28% (2007: 30%)	-	-
<i>Effects of:</i>		
Adjustment in respect of previous periods	-	(543)
Current tax (credit)/charge for the year	-	(543)

4 Debtors: amounts falling due within one year

	At 31 December 2008 £	At 31 December 2007 £
Amounts owed by group undertakings	11,017	2,436
Called up share capital not paid	1	1
	11,018	2,437

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

POWERGEN WARM FRONT LIMITED

Notes to the financial statements
for the year ended 31 December 2008 (continued)

5 Creditors: amounts falling due within one year

	At 31 December 2008 £	At 31 December 2007 £
Amounts owed to group undertakings	<u>9,004</u>	<u>423</u>

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

6 Called up share capital

	At 31 December 2008 £	At 31 December 2007 £
Authorised		
1 ordinary share of £1	<u>1</u>	<u>1</u>
Allotted, called-up and unpaid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

7 Reconciliation of movements in total shareholders' funds

	31 December 2008 £	31 December 2007 £
Surplus for the financial year	-	543
Opening total shareholders' funds	<u>2,014</u>	<u>1,471</u>
Closing total shareholders' funds	<u>2,014</u>	<u>2,014</u>

POWERGEN WARM FRONT LIMITED

Notes to the financial statements
for the year ended 31 December 2008 (continued)

8 Ultimate parent undertaking and controlling party

The immediate parent undertaking is E.ON Energy Limited. 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
D-40479
Düsseldorf
Germany

