E.ON PROJECT EARTH LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

Registered No: 08045735

E.ON PROJECT EARTH LIMITED
STRATEGIC REPORT
for the Year Ended 31 December 2017

The directors present their strategic report of the Company for the year ended 31 December 2017.

Fair review of the business

The Company operates and maintains a number of geo-coupled ground source heating and cooling systems. These systems have been leased to a large supermarket chain with lease rentals payable to the Company over a period of between 23 to 24.5 years.

Both the level of business during the year and the financial position of the Company at the year end were as expected. At 31 December 2017, the Company had net assets of £2,498,000. (2016: net assets of £1,948,000). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

The directors believe that the present level of activity will be sustained in the current year.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to asset performance, credit risks, and inflation. The management of risks is undertaken at the E.ON SE 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.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of E.ON SE, which include those of the Customer Solutions UK division of E.ON SE, which includes 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 Board of Management of E.ON SE manages 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 Customer Solutions UK division of E.ON SE, which includes the Company, are discussed within the group's annual report which does not form part of this report. The directors do not believe there are any further relevant KPIs that are not already disclosed within these financial statements.

Approved by the Board of Directors on 24 July 2018 and signed on its behalf by:

B Wagner
Director

E.ON Project Earth Limited
Company No: 08045735
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

E.ON PROJECT EARTH LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Directors of the Company

The directors who held office during the year and up to the date of signing these financial statements are given below:

B Wagner
M G Wake (appointed 4 April 2018)
P D J Gilbert (resigned 4 April 2018)

Principal activity

The Company leases, operates and maintains innovative geo-coupled ground source heating and cooling systems.

The systems are leased to a large supermarket chain over a period of between 23 to 24.5 years and an operation and maintenance service is provided to each location across the full contract term.

The Company intends to operate and manage the portfolio over its remaining term.

Results and dividends

The Company's profit for the financial year is £550,000 (2016: profit of £362,000). No interim dividends were paid during the year (2016: £nil). The directors do not recommend the payment of a final dividend (2016: £nil).

Financial risk management

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE's group finance guidelines that set out the principles and framework for managing group-wide finances. The Company also utilises the E.ON UK plc operational treasury team which services the treasury requirements of its business. Further information on the E.ON SE group's policies and procedures is available in the financial statements of the E.ON SE group.

E.ON SE's central financing strategy

The operational treasury team employs a continuous forecasting and monitoring process to ensure that the Company complies with all its banking and other covenants that apply to the financing of its business. A group-wide cash forecasting and currency exposure reporting process exists which ensures regular reporting into the UK treasury team. Information is submitted to E.ON SE for incorporation into E.ON SE group forecasting processes on a weekly and quarterly basis.

Price risk, credit risk, liquidity risk and cash flow risk

Interest rate risk management

The Company has a number of funding arrangements and is exposed to movements in interest rates. These interest rate exposures are managed primarily through the use of floating rate borrowings.

Credit risk management

The Company is subject to the E.ON SE group finance policy which sets a credit limit for each financial institution with which the Company does a significant amount of business. In addition, other counterparty credit risk is subject to the E.ON SE group credit risk management policy supported by individual business unit policies to establish internal ratings for limit setting. Credit risk assessment involves quantitative and qualitative criteria including ratings by independent rating agencies where these are available.

Liquidity planning, trends and risks

The Company has sufficient committed borrowing facilities to meet planned liquidity needs with headroom, through facilities provided by E.ON UK plc.

Political donations

No political donations were made during the year (2016: £nil).

Future developments

The Company's future developments are discussed in the Strategic Report.

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. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

Disclosure of information to auditors

So far as each of the directors is 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.

Statement of directors' responsibilities in respect of these financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and these Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared these financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve these 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 then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 these financial statements comply with the Companies Act 2006.

The directors 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 of Directors on 24 July 2018 and signed on its behalf by:

B Wagner
Director

E.ON Project Earth Limited
Company No: 08045735
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of E.ON PROJECT EARTH LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, E.ON Project Earth Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Directors' report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Simon Evans

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

Date 24 July 2018

E.ON PROJECT EARTH LIMITED
PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	2	**1,256**	1,315
Cost of sales		**(6)**	(133)
Gross profit		**1,250**	1,182
Administrative expenses		**(496)**	(644)
Operating profit	3	**754**	538
Interest payable and similar expenses	4	**(73)**	(86)
Profit before taxation		**681**	452
Tax on profit	5	**(131)**	(90)
Profit for the financial year		**550**	362

As the Company has no other comprehensive income for the year, a separate statement of comprehensive income has not been presented.

The notes on pages 9 to 16 form part of these financial statements.

E.ON PROJECT EARTH LIMITED
BALANCE SHEET
as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	6	**1,130**	130
Current assets			
Debtors: amounts falling due after more than one year	8	**11,002**	11,321
Debtors: amounts falling due within one year	9	**1,340**	1,294
		12,342	12,615
Creditors: amounts falling due within one year	10	**(9,944)**	(10,792)
Net current assets		**2,398**	1,823
Total assets less current liabilities		**3,528**	1,953
Provisions for liabilities	11	**(1,030)**	(5)
Net assets		**2,498**	1,948
Capital and reserves			
Called up share capital	12	**-**	-
Profit and loss account		**2,498**	1,948
Total shareholders' funds		**2,498**	1,948

The financial statements on pages 6 to 16 were approved by the Board of Directors on 24 July 2018 and signed on its behalf by:

B Wagner
Director
E.ON Project Earth Limited
Company No: 08045735

The notes on pages 9 to 16 form part of these financial statements.

E.ON PROJECT EARTH LIMITED
STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2016	-	1,586	1,586
Profit for the financial year	-	362	362
At 31 December 2016	-	1,948	1,948
Profit for the financial year	-	550	550
At 31 December 2017	**-**	**2,498**	**2,498**

The notes on pages 9 to 16 form part of these financial statements.

1. Accounting policies

General information

The Company leases, operates and maintains innovative geo-coupled ground source heating and cooling systems.

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the Company's registered office is Westwood Way, Westwood Business Park, Coventry, England, CV4 8LG.

Basis of preparation of financial statements

The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). These financial statements have been prepared under the going concern basis, historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company has adopted disclosure exemptions in relation to the following:

- The requirements of paragraphs 10(d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information) and 134-136 (capital management disclosures) of IAS 1 Presentation of Financial Statements
- The comparative information requirements of paragraph 38 of IAS 1 Presentation of Financial Statements in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and the end of the year)
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

Going concern

The directors of the Company believe that there are no material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. The directors of the Company also believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the lease income and operation and maintenance of ground source heating and cooling systems to customers. For lease income this includes the interest receivable from finance leases. Rentals under finance leases are allocated between lease income and repayment of capital in each accounting period in such a way that lease income will emerge as a constant rate of return on the net investment in the lease.

Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the reporting year. These judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in these financial statements.

Areas of significant judgement in application of accounting policies and critical accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Finance leases

Significant judgement is required in determining the fair value of finance lease receivables. Minimum lease payments are calculated based on the initial capital cost of the asset, spread across the lease term, and discounted at the group's cost of capital.

Decommissioning costs

Significant judgements and estimates are made about the costs of decommissioning the Company's ground source heating and cooling systems at the end of their lease term. The estimated costs of decommissioning and subsequent site restoration are reviewed periodically and a provision is made for the estimated decommissioning cost at the balance sheet date.

Taxation

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tangible assets

Tangible assets are stated at original cost less accumulated depreciation and any provision for impairment. 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. Plant and machinery relates to plant monitoring equipment.

Depreciation is provided on tangible assets so as to write off the cost or valuation, less any estimated residual value, over their expected usefully economic lives as follows:

Asset class	**Depreciation method and rate**
Plant and machinery	Straight line basis over 5 to 20 years

Estimated useful lives are reviewed annually. No depreciation is provided on assets in the course of construction.

Decommissioning costs

The fair value of a liability arising from the decommissioning of an asset is recognised in the period in which it is incurred and a reasonable estimate of the fair value can be made. When the provision is recorded, the Company capitalises the costs of the provision by increasing the carrying amount of the tangible assets. In subsequent periods, the provision is accreted to its present value and the carrying amount of the asset is depreciated over its useful life. Changes to estimates arise, particularly when there are deviations from original cost estimates or changes to the payment schedule or the level of relevant obligation. The provision must be adjusted in the case of both negative and positive changes to estimates. Such an adjustment is usually effected through a corresponding adjustment to tangible assets and is not recognised directly in the profit and loss account.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON SE group are consolidated at each period 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 and presented gross.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, when the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in respect of the relevant years, in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Finance leases

For assets leased out under a finance lease, the present value of the lease payments is recognised as a debtor at the amount of the net investment in the lease.

Lease payments receivable are apportioned between repayments of capital and interest so as to give a constant rate of return on the net investment in the lease.

2. Turnover

The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK. Turnover includes £1,079,000 (2016: £1,103,000) of interest on the finance lease asset (note 13).

3. Operating profit

Operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of owned assets (note 6)	**27**	7
Write down of stocks	**-**	125

The Company had no employees during the year (2016: none).

The directors received no emoluments from the Company during the year (2016: £nil) in respect of their services to the Company, as they are deemed to be provided as part of their services to the E.ON UK plc group.

During the prior year, the work in progress stock value of one development which will not be developed further was written down by £125,000 to £nil and was included in administrative expenses.

Auditors' remuneration for the audit of these financial statements of £10,000 (2016: £15,000) was borne by the intermediate parent undertaking, E.ON UK plc, and not recharged.

4. Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable to group undertakings	**73**	86

5. Tax on profit

	2017 £000	2016 £000
Current tax:		
UK corporation tax charge on profits for the year	**133**	87
Total current tax charge	**133**	87
Deferred tax:		
Origination and reversal of timing differences	**(2)**	3
Total deferred tax (credit)/charge	**(2)**	3
Tax charge on profit	**131**	90

The tax charge for the year is the same as (2016: the same as) the profit at the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%).

Reductions to the UK corporation tax rate were included in the Finance Act (No. 2) 2015, which reduced the main rate to 19% from 1 April 2017. A further reduction in the UK corporation tax rate was included in the Finance Act 2016, to reduce the rate to 17% from 1 April 2020. These changes were substantively enacted at the balance sheet date and their impact has been included in these financial statements.

The corporation tax payable has been reduced by £133,000 because of group relief received from a fellow group undertaking for which a payment will be made (2016: payment of £87,000). Accordingly no current year tax losses are available for carry forward.

6. Tangible assets

	Plant and machinery £000
Cost	
At 1 January 2017	137
Additions	1,027
At 31 December 2017	1,164
Accumulated depreciation	
At 1 January 2017	(7)
Charge for the year	(27)
At 31 December 2017	(34)
Net book value	
At 31 December 2017	**1,130**
At 31 December 2016	130

Additions relate to £1,027,000 (2016: £nil) for decommissioning provisions recognised during the year.

7. Stocks

	2017 £000	2016 £000
Work in progress	**-**	-

Stocks are stated after provisions for impairment of £675,000 (2016: £675,000).

8. Debtors: amounts falling due after more than one year

	2017 £000	2016 £000
Finance lease receivables (note 13)	**11,002**	11,321

Rental receivables during the year from finance leases amounted to £1,370,000 (2016: £1,371,000).

9. Debtors: amounts falling due within one year

	2017 £000	2016 £000
Trade receivables	**537**	432
Finance lease receivables (note 13)	**319**	291
Prepayments and accrued income	**484**	571
	1,340	1,294

10. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade payables	**12**	67
Amounts owed to group undertakings	**9,401**	10,209
Other taxation and social security	**80**	50
Accruals and deferred income	**451**	466
	9,944	10,792

Amounts owed to group undertakings include a loan of £9,257,654 (2016: £9,645,000) which is unsecured, bears interest at a rate of LIBOR plus 55 basis points and currently rolls forward (principal and interest) on a daily basis. All other amounts are unsecured, interest free and repayable on demand.

11. Provisions for liabilities

	Deferred tax £000	Decommissioning provision £000	Total £000
At 1 January 2017	5	-	5
Credited to the profit and loss account	(2)	-	(2)
Additions to tangible assets	-	1,027	1,027
At 31 December 2017	**3**	**1,027**	**1,030**

The decommissioning provision comprises amounts set aside for the estimated costs of dismantling the ground source heating and cooling systems and subsequent site restoration costs which will be utilised on expiry of the related equipment lease agreements at each site. The amount capitalised in tangible assets relates to the initial recognition of the decommissioning provision since, following a review during the year, it is now considered probable the Company will incur these costs on expiry of the leases between 2035 and 2037.

Analysis of deferred tax

The following are the deferred tax liabilities recognised by the Company and movements thereon during the year:

	2017 £000	2016 £000
Accelerated capital allowances	**3**	5
Liability at beginning of year	**5**	2
Deferred tax (credit)/charge for the year (note 5)	**(2)**	3
Liability at year end	**3**	5

The Finance Act (No. 2) 2015 included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 further reduced the main rate to 17% from 1 April 2020. The deferred tax liability at 31 December 2017 has been measured accordingly.

There are no unused tax losses or credits.

12. Called up share capital

	2017 £000	2016 £000
Allotted, called-up and fully paid		
1 ordinary share of £1 (2016: 1)	**-**	-

13. Additional disclosures on financial instruments

Finance lease receivables

The finance leases granted by the Company arise on the provision of renewable energy generation assets. The duration of the leases are between 23 and 24.5 years and the lessees do not have the option to purchase the assets at the end of the lease. Further information regarding finance lease receivables at 31 December 2017 is shown below:

	2017 £000	2016 £000
Net investment in finance leases comprises:		
Total amounts receivable	**22,910**	24,280
Less: Interest allocated to future periods	**(11,589)**	(12,668)
	11,321	11,612
Finance leases – gross receivables due within one year	**319**	291
Finance leases – gross receivables due within two and five years	**1,600**	1,464
Finance leases – gross receivables due after five years	**9,402**	9,857
	11,321	11,612

14. Ultimate holding company

The Company is controlled by E.ON Energy Solutions Limited. The ultimate parent undertaking and controlling party is E.ON SE, a company incorporated in Germany, which is the parent company of the largest and smallest group to consolidate these financial statements. Copies of E.ON SE's financial statements are available from the offices of E.ON SE at the following address:

E.ON SE
Brüsseler Platz 1
45131 Essen
Germany