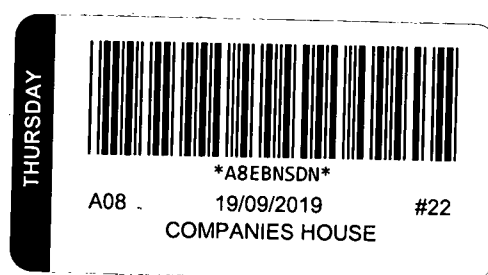


E.ON ENERGY INSTALLATION SERVICES LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the Year Ended 31 December 2018

Registered No: 09965944



E.ON ENERGY INSTALLATION SERVICES LIMITED
STRATEGIC REPORT
for the Year Ended 31 December 2018

The directors present their strategic report of the Company for the year ended 31 December 2018.

Fair review of the business

The level of business during the year was not as expected and the directors have put in place growth strategies to improve performance in the future. At 31 December 2018, the Company had net assets of £2,346,000 (2017: net assets of £538,000). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

On 6 June 2019, 4,000,000 ordinary shares of £1 each were issued to E.ON UK plc in exchange for cash.

On 26 June 2019, the directors approved the purchase of the solar business and certain assets from E.ON Energy Solutions Limited for the consideration value of £215,000.

The directors believe that the present level of activity will increase going forward.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to 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.

Brexit

On 23 June 2016, Britain voted to leave the European Union. Article 50 was triggered on 29 March 2017, which started the exit process from the European Union. If no agreement is reached as part of this process, all existing treaties will cease to apply. A representative of the Company attends the E.ON UK plc led cross functional working group, which meets regularly to consider the impact of Brexit legislative changes on existing and new contracts, as well as other potential implications of Brexit, and to monitor further Brexit developments and their potential impact on the Company's business. Until such time as the final agreement and/or the transitional arrangements are agreed, the actual impact of Brexit on the Company's business remains uncertain.

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 6 September 2019 and signed on its behalf by:



N P Dewbery
Director

E.ON Energy Installation Services Limited
Company No: 09965944
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

E.ON ENERGY INSTALLATION SERVICES LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

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:

N P Dewbery

C J Lovatt

D R Newitt

R J Brooks (appointed 3 May 2018)

J Kirby (appointed 6 June 2019)

J A Ireton (resigned 23 March 2018)

Principal activity

The Company's principal activity during the year and at the year end was the supply of energy efficiency measures including external wall insulation, heating and other energy related services and measures to residential and municipal customers.

Future developments

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

Results and dividends

The Company's loss for the financial year is £3,192,000 (2017: loss of £1,842,000). No interim dividends were paid during the year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

The level of business activity is expected to increase during 2019, in line with the Company's growth strategy.

Financial risk management

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE group's 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 the 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.

E.ON ENERGY INSTALLATION SERVICES LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2018 (continued)

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

Foreign exchange risk management

The Company operates within the framework of E.ON SE's guidelines for foreign exchange risk management. The Company's policy is to hedge all contractually committed operational exposures, as soon as the commitment arises. The Company will also partly hedge less certain cash flows when appropriate. The Company determines the hedging of translation exposures (the value of foreign currency liabilities and assets in the balance sheet) on a case by case basis in consultation with the E.ON UK plc treasury team.

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 (2017: £nil).

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.

Going concern

These financial statements have been prepared on the going concern basis. 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 the approval of these financial statements.

Post balance sheet events

On 6 June 2019, 4,000,000 ordinary shares of £1 each were issued to E.ON UK plc in exchange for cash.

On 26 June 2019, the directors approved the purchase of the solar business and certain assets from E.ON Energy Solutions Limited for the consideration value of £215,000.

Disclosure of information to auditors

As far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

E.ON ENERGY INSTALLATION SERVICES LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2018 (continued)

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101').

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, comprising 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 these 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 6 September 2019 and signed on its behalf by:



N P Dewbery
Director

E.ON Energy Installation Services Limited
Company No: 09965944
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of E.ON ENERGY INSTALLATION SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, E.ON Energy Installation Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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 2018; 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

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.

Independent Auditors' Report to the Members of E.ON ENERGY INSTALLATION SERVICES LIMITED (continued)

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 2018 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 these financial statements, 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.

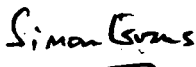
Other required reporting

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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
6 September 2019

E.ON ENERGY INSTALLATION SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	22,004	8,193
Cost of sales		(17,379)	(7,461)
Gross profit		4,625	732
Administrative expenses		(8,448)	(3,012)
Net impairment losses on financial assets	3	(88)	-
Operating loss	3	(3,911)	(2,280)
Interest payable and similar expenses	6	(29)	-
Loss before taxation		(3,940)	(2,280)
Tax on loss	7	748	438
Loss for the financial year		(3,192)	(1,842)

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

The notes on pages 10 to 20 form part of these financial statements.

E.ON ENERGY INSTALLATION SERVICES LIMITED
BALANCE SHEET
as at 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Fixed assets			
Intangible assets	8	968	1,296
Current assets			
Stocks	9	-	112
Debtors: amounts falling due within one year	10	10,406	4,100
Cash at bank and in hand		59	-
Creditors: amounts falling due within one year	11	10,465 (9,087)	4,212 (4,970)
Net current assets/(liabilities)		1,378	(758)
Total assets less current liabilities		2,346	538
Net assets		2,346	538
Capital and reserves			
Called up share capital	12	7,000	2,000
Profit and loss account		(4,654)	(1,462)
Total equity		2,346	538

The financial statements on pages 7 to 20 were approved by the Board of Directors on 6 September 2019 and signed on its behalf by:


NP Dewbery
 Director
 E.ON Energy Installation Services Limited
 Company No: 09965944

The notes on pages 10 to 20 form part of these financial statements.

E.ON ENERGY INSTALLATION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	-	380	380
Loss for the financial year	-	(1,842)	(1,842)
New share capital subscribed	2,000	-	2,000
At 31 December 2017	2,000	(1,462)	538
Loss for the financial year	-	(3,192)	(3,192)
New share capital subscribed	5,000	-	5,000
At 31 December 2018	7,000	(4,654)	2,346

The notes on pages 10 to 20 form part of these financial statements.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018

1. Accounting policies

General information

The Company supplies energy efficiency measures including external wall insulation, heating and other energy related services and measures to residential and municipal customers.

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 wholly owned 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)
- The requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

New standards effective in the year

IFRS 15 Revenue from Contracts with Customers (which replaces IAS 18 Revenue) and IFRS 9 Financial Instruments (which replaces IAS 39 Financial Instruments) are new accounting standards effective for the year ended 31 December 2018. The impact of these standards has been disclosed within note 15. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 which have had a material impact on the Company.

Going concern

These financial statements have been prepared on the going concern basis. 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.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

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.

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:

Taxation

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

Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables and accrued income from the provision of external wall insulation, heating and other energy related services; and
- amounts owed by group undertakings.

The expected future credit loss is calculated by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default). The probability of default describes the probability that a debtor will not meet their payment obligations and the receivable will therefore default. Exposure at default is the amount of the financial asset allocated to the Company at the time of default. Loss given default is the expectation of what portion of a financial asset is no longer recoverable in the event of default and is determined taking into account guarantees, other loan collateral and, if appropriate, insolvency ratios.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables, which uses a lifetime expected credit loss allowance. The expected loss rates are based on available external and internal rating information as well as historical default ratios. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically.

In the prior year under IAS 39, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off and valuation allowances against trade receivables were provided for identifiable individual risks where the loss was probable.

Amounts owed by group undertakings

For amounts owed by group undertakings, the Company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. This is assumed if the internally determined counterparty risk has been downgraded at least three levels since initial recognition. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, the Company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

In the prior year under IAS 39, amounts owed by group undertakings were assessed to determine whether there was objective evidence that an impairment was required. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event had an impact on the estimated future cash flows of the financial asset that could be reliably estimated.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

Impairment of fixed assets

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower. Recoverable amount is defined as the higher of fair value less costs to sell and estimated value in use at the date the impairment review is undertaken. Significant judgement is required in determining value in use as this represents the present value of expected future cash flows, discounted using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where such an asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the income generating unit.

Impairments are recognised in the profit and loss account and, where material, are disclosed separately

Turnover

All turnover generated by the Company during the year arose from its principal activities. Turnover is recognised when performance obligations have been satisfied and when the services or goods have transferred to the customer and the customer has control of these. For the Company, this is at the point when services are completed, or at milestone valuations that have been agreed with the customer. Turnover from the rendering of services is recognised over time by reference to the stage of completion of the transaction once all factors can be measured reliably. Turnover excludes value added tax.

A receivable is recognised at the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Accrued income

Income recognised in advance of being billed to the customer is debited to an accrued income account and recognised in the profit and loss account in the period to which it relates as the relevant performance obligations are satisfied.

Current and deferred income tax

The tax credit for the year comprises current and deferred tax.

The current income tax credit 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 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.

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 evenly over the term of the lease.

Pensions

The Company has no employees but is recharged by E.ON UK plc for the services of certain of its employees. E.ON UK plc contributes to both defined contribution and defined benefit pension schemes on behalf of its employees. The recharges to the Company from E.ON UK plc for services from certain of its employees include the current pension service cost but no recharges are made for any pension deficit repair payments. It is not possible to identify the share

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

of the underlying assets and liabilities of the E.ON UK plc group defined benefit pension scheme that relate to existing and previous employees recharged to the Company. Further details of these schemes are available in E.ON UK plc's financial statements.

Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised in the balance sheet as a provision is the best estimate of the expenditure required to settle a present obligation at the balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

Future operating costs are not provided for.

Intangible assets

Other intangibles relate to capitalised costs in respect of the development and implementation of an enterprise planning IT system. Other intangibles are stated at cost less accumulated amortisation and impairment losses. They are amortised on a straight line basis over their useful economic lives.

Intangible assets are reviewed for impairment annually and impaired if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life.

Asset class	Amortisation method and rate
--------------------	-------------------------------------

Other intangibles	Straight-line basis over 5 years
-------------------	----------------------------------

Stocks

Stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. In general, stocks are recognised in the profit and loss account on a weighted average cost basis.

Financial instruments

Amortised cost assets (including trade receivables and amounts owed by group undertakings) are primarily financial assets with fixed or determinable payments that are not traded in an active market and are reported on the balance sheet under "Debtors: amounts falling due within one year." Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Valuation allowances are provided for identifiable individual risks in addition to the expected credit losses calculated when known.

Financial liabilities (including trade payables and amounts owed to group undertakings) are measured at amortised cost, using the effective interest method. Initial measurement takes place at fair value net of transaction costs incurred. In subsequent periods, the amortisation and accretion of any premium or discount is included in finance costs/income.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON SE group are recognised initially at fair value and subsequently measured at amortised cost. These balances 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.

Intercompany receivable balances are provided for in line with the impairment policy set out on page 11.

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.

Foreign currency

These financial statements are presented in Great British Pounds ("GBP") which is the Company's functional currency. All financial information is presented in GBP and has been rounded to the nearest thousand.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

2. Turnover

The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

3. Operating loss

Operating loss is stated after charging:

	2018 £000	2017 £000
Operating lease	478	550
Impairment of financial assets (note 15)	88	-
Amortisation of intangible assets (note 8)	323	127
	<u>889</u>	<u>687</u>

The amount of inventory recognised as an expense during the year was £196,000 (2017: £nil).

The impairment of trade receivables and amounts owed to group undertakings recognised as an expense during the year was £68,000 and £20,000 respectively.

4. Auditors' remuneration

Auditors' remuneration for the audit of these financial statements of £10,000 (2017: £10,000) was borne by the immediate parent undertaking, E.ON UK plc, and not recharged.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

5. Employee information

The Company had no employees during the year (2017: none). The average monthly number of persons recharged by E.ON UK plc for the services of employees (including directors) during the year was as follows:

	2018 Number	2017 Number
Operations	51	60
Administration	82	86
Sales	33	26
	<u>166</u>	<u>172</u>

The aggregate payroll costs recharged were as follows:

	2018 £000	2017 £000
Wages and salaries	6,954	6,294
Social security costs	705	723
Other pension costs	831	798
	<u>8,490</u>	<u>7,815</u>
Less: capitalised in fixed assets	-	(48)
Less: recharged to fellow subsidiaries of E.ON UK plc	(1,500)	(7,279)
	<u>6,990</u>	<u>488</u>

The directors received no emoluments from the Company during the year (2017: £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.

6. Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable to group undertakings	<u>29</u>	<u>-</u>

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

7. Tax on loss on ordinary activities

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Current tax:		
UK corporation tax credit on losses for the year	(735)	(438)
Adjustment in respect of prior years	2	-
Total current tax credit	(733)	(438)
Deferred tax:		
Origination and reversal of timing differences	(13)	-
Adjustment in respect of prior years	(2)	-
Total deferred tax credit	(15)	-
Tax credit on loss on ordinary activities	(748)	(438)

Factors affecting tax credit for the year

The tax credit for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss before taxation	(3,940)	(2,280)
Tax credit on loss before taxation at 19% (2017: 19.25%)	(749)	(439)
<i>Effects of:</i>		
Impact of changes in tax rates	1	-
Expenses not deductible for tax purposes	-	1
Adjustment in respect of prior years - deferred tax	(2)	-
Adjustment in respect of prior years - current tax	2	-
Tax credit for the year	(748)	(438)

The tax rate for the year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2017 (on 6 September 2017). These included reductions to the main rate 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 receivable has been reduced by £733,000 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2017: payment received of £438,000). Accordingly, no tax losses are available for carry forward.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

8. Intangible assets

	Other intangibles £000
Cost	
At 1 January 2018	1,423
Disposals	(5)
At 31 December 2018	1,418
Accumulated amortisation	
At 1 January 2018	127
Charge for the year	323
At 31 December 2018	450
Net book value	
At 31 December 2018	968
At 31 December 2017	1,296

Other intangibles relate to capitalised costs in respect of the development and implementation of an enterprise planning IT system.

9. Stocks

	2018 £000	2017 £000
Stores	-	112

Stores are stated with no provisions for impairment (2017: £nil).

10. Debtors: amounts falling due within one year

	2018 £000	2017 £000
Trade receivables	5,194	2,537
Amounts owed by group undertakings	4,545	1,459
Deferred tax	15	-
Other debtors	9	9
Other taxation and social security	637	93
Prepayments and accrued income	6	2
	10,406	4,100

Trade receivables includes £4,738,000 (2017: £1,621,000) of unbilled income. The prior year unbilled income figure has been re-presented within trade receivables for comparative purposes.

Amounts owed by group undertakings in 2017 included a £1,459,000 floating rate deposit to E.ON UK plc, which incurred interest at LIBOR minus 5 basis points. All other amounts are unsecured, interest free and repayable on demand.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

Trade receivables and amounts owed by group undertakings are stated after loss allowances of £68,000 and £20,000 respectively.

The closing loss allowances for trade receivables and amounts owed by group undertakings as at 31 December 2018 have been reconciled to the opening loss allowances within note 15.

Deferred tax

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

	2018 £000	2017 £000
At 1 January	-	-
Deferred tax credited to the profit and loss account	15	-
At 31 December	15	-

Analysis of deferred tax

	2018 £000	2017 £000
Other timing differences	15	-

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 asset at 31 December 2016 has been measured accordingly.

A deferred tax asset has been recognised based on expected future taxable profits against which the losses can be utilised.

Within the deferred tax credit of £15,000, no amount relates to the change in the tax rate (2017: £nil).

11. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade payables	2,038	846
Amounts owed to group undertakings	4,669	2,394
Other taxation and social security	-	1
Accruals and deferred income	2,238	1,721
Other creditors	142	8
	9,087	4,970

Amounts owed to group undertakings includes a loan of £3,280,000 (2017: £nil) from E.ON UK plc which is part of a credit facility of £5 million (2017: £5 million), bears interest at a rate of LIBOR plus 52 basis points, and rolls forward (in principal and interest) on a daily basis. All other amounts are unsecured, interest free and repayable on demand.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

12. Called up share capital

	2018 £000	2017 £000
Allotted, called-up and fully paid		
7,000,001 (2017: 2,000,001) Ordinary shares of £1 (2017: £1)	<u>7,000</u>	<u>2,000</u>

On 3 May 2018, the Company issued 5,000,000 additional ordinary shares to its parent company E.ON UK plc.

13. Commitments

Capital commitments

During the year, there were no amounts contracted for but not provided for in these financial statements (2017: £nil).

Operating lease commitments

The Company is recharged for certain operating leases from E.ON UK plc. Further information on these lease commitments is available in the financial statements of E.ON UK plc.

14. Post balance sheet events

On 6 June 2019, 4,000,000 ordinary shares of £1 each were issued to E.ON UK plc in exchange for cash.

On 26 June 2019, the directors approved the purchase of the solar business and certain assets from E.ON Energy Solutions Limited for the consideration value of £215,000.

15. Changes in accounting policies

(a) Transition to IFRS 15

The Company has adopted IFRS 15 Revenue from Contracts with Customers (which replaces IAS 18 Revenue) from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in these financial statements. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated.

The Company has elected to apply IFRS 15 only to contracts that are not completed as at the date of initial application, being 1 January 2018. The Company has also elected to apply the practical expedient for contract modifications.

There is no impact to the Company's opening retained earnings balance as a result of applying IFRS 15.

(b) Transition to IFRS 9

IFRS 9 Financial Instruments replaces the provisions of IAS 39 Financial Instruments that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments recognised in these financial statements. The new accounting policies are set out in note 1. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

There is no impact to the Company's opening retained earnings balance as a result of applying IFRS 9.

(i) Impairment of financial assets

The Company was required to revise its impairment methodology under IFRS 9 for each of the classes of assets identified in the table above.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses on trade receivables, using a lifetime expected credit loss allowance. The full expected credit loss model was used for calculating expected credit losses on amounts owed by group undertakings and finance lease receivables. See note 1 for details about the calculation of the allowance.

E.ON ENERGY INSTALLATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

The loss allowance increased by £68,000 for trade receivables and £20,000 for amounts owed by group undertakings for the current reporting period.

The closing loss allowances for trade receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Trade receivables 2018 £000	Amounts owed by group undertakings 2018 £000
31 December 2017 - calculated under IAS 39	-	-
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	-	-
Increase in loss allowance recognised in profit or loss during the year	68	20
At 31 December 2018	<u>68</u>	<u>20</u>

(ii) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, there were no reclassifications of financial instruments within the Company which resulted in any subsequent remeasurement of the underlying financial asset or liability.

16. Ultimate holding company

The Company is controlled by E.ON UK plc. 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