

**CHN ELECTRICAL SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009**



## **CHN ELECTRICAL SERVICES LIMITED**

### **Report of the directors for the year ended 31 December 2009**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2009 (2008 – 15 months ended 31 December 2008).

#### **Principal activities**

The Company's principal activity during the year was as an electrical contractor. On 31 December 2009, the trade and certain assets and liabilities of the Company were transferred to E.ON UK Property Services Limited (formerly CHN Gas Service and Maintenance Limited). The Company ceased trading from this date.

#### **Business review**

##### Fair review of the Company's business

Both the level of business during the year and the financial position of the Company at the year end were as expected. On 31 December 2009, the trade and certain assets and liabilities of the Company were transferred to E.ON UK Property Services Limited.

##### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the Company are considered to relate to competition, credit risks and brand. The management of risks is undertaken at E.ON UK plc consolidated ('group') level. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided within the financial review section of the group's annual report which does not form part of this report.

##### Key performance indicators ('KPIs')

The directors of E.ON UK plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Energy Services division of E.ON UK plc, which includes the Company, is discussed within the financial review section of the group's annual report which does not form part of this report.

#### **Results and dividends**

The Company's profit for the financial year is £262,414 (2008: £679,463). The directors do not recommend the payment of a dividend (2008: £nil).

#### **Directors**

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

Mr D A Leiper  
Mr M Hoehler (appointed 1 February 2010)  
Mr C Goulton (resigned 1 February 2010)

---

## **CHN ELECTRICAL SERVICES LIMITED**

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

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors' indemnities**

The Company maintains liability insurance for its directors and officers. This is a qualifying indemnity provision for the purposes of the Companies Act 2006.

---

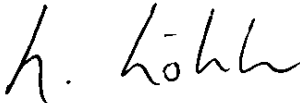
**CHN ELECTRICAL SERVICES LIMITED**

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

**Disclosure of information to auditors**

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

ON BEHALF OF THE BOARD



**Martin Hoehler**

Director  
CHN Electrical Services Limited  
Registered No 2980221  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

28 September 2010



**Independent auditor's report to the member of**  
**CHN Electrical Services Limited**

We have audited the financial statements of CHN Electrical Services Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



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

29 September 2010

**CHN ELECTRICAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

		Year ended 31 December 2009	Period ended 31 December 2008
	Note	£	£
<b>Turnover</b>	2	<b>10,227,311</b>	12,007,714
Cost of sales		<b>(9,267,345)</b>	(10,155,341)
<b>Gross profit</b>		<b>959,966</b>	1,852,373
Administrative expenses		<b>(576,911)</b>	(897,285)
<b>Operating profit</b>	3	<b>383,055</b>	955,088
Interest payable and similar charges	5	<b>(3)</b>	(200)
<b>Profit on ordinary activities before taxation</b>		<b>383,052</b>	954,888
Tax on profit on ordinary activities	6	<b>(120,638)</b>	(275,425)
<b>Profit for the financial year</b>	13	<b>262,414</b>	679,463

There are no material differences between the profit on ordinary activities before taxation and the profit for either of the years stated above and their historical cost equivalents

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

The trade and certain assets and liabilities of the Company were transferred to E.ON UK Property Services Limited on 31 December 2009. Therefore, all results relate to discontinued operations.

The accounting policies and the notes on pages 7 to 16 form part of these financial statements.

**CHN ELECTRICAL SERVICES LIMITED**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	At 31 December 2009 £	At 31 December 2008 £
<b>Fixed asset</b>			
Tangible assets	7	-	133,358
<b>Current assets</b>			
Stock	8	-	105,346
Debtors: amounts falling due within one year	9	791,105	2,060,812
Cash at bank and in hand		83,285	418,791
		<b>874,390</b>	2,584,949
<b>Creditors: amounts falling due within one year</b>	10	<b>(387)</b>	(2,097,236)
<b>Net current assets</b>		<b>874,003</b>	487,713
<b>Total assets less current liabilities</b>		<b>874,003</b>	621,071
<b>Deferred tax</b>	11	-	(9,482)
<b>Net assets</b>		<b>874,003</b>	611,589
<b>Capital and reserves</b>			
Called-up share capital	12	1,000	1,000
Profit and loss reserve	13	873,003	610,589
<b>Total shareholder's funds</b>	14	<b>874,003</b>	611,589

The financial statements on pages 5 to 16 were approved by the Board of Directors on 28 September 2010 and were signed on its behalf by:



**Martin Hoehler**  
Director

28 September 2010

The accounting policies and the notes on pages 7 to 16 form part of these financial statements.



# **CHN ELECTRICAL SERVICES LIMITED**

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

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, all of which have been consistently applied. The Company is a wholly-owned subsidiary undertaking of E.ON AG, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON AG. The principal accounting policies are set out below.

#### **(a) Tangible fixed assets**

Tangible fixed assets are stated at their purchase or production cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over their useful economic lives. The estimated useful economic lives used for the principal categories of fixed assets are as follows:

Plant and machinery	2 years
Fixtures, fittings and equipment	2 - 3 years

#### **(b) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### **(c) Stock**

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving or defective stocks. Stocks are recognised in the profit and loss account on a weighted average cost basis. The Companies Act 2006 requires stocks to be categorised between raw materials, work in progress and finished goods. Stocks are raw materials under this definition.

#### **(d) Pension costs**

Pension costs represent amounts recharged by the parent company, E.ON UK plc, for the cost of contributions to defined benefit and defined contribution schemes. Further details of these schemes are available in E.ON UK plc's consolidated financial statements.

#### **(e) 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'. Timing differences arise primarily from the differing treatment for taxation and accounting purposes of depreciation of fixed assets.

## **CHN ELECTRICAL SERVICES LIMITED**

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

#### **1 Accounting policies (continued)**

##### **(e) Taxation (continued)**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered

Deferred tax is measured at the tax rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax laws that have been enacted or substantially enacted by the balance sheet date.

##### **(f) Turnover**

Turnover comprises revenue from contracted electrical work completed in the period. Turnover excludes value added tax. Turnover is recognised when the contracted works have been carried out.

##### **(g) Cash flow statement**

The Company is a wholly-owned subsidiary undertaking of E.ON AG, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON AG and its subsidiaries and associates (together, "the E.ON Group"). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

##### **(h) Related party transactions**

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with the E.ON Group or investees of the E.ON Group.

#### **2 Turnover**

Turnover, which excludes value added tax, represents the value of goods and services provided, during the year. The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

# CHN ELECTRICAL SERVICES LIMITED

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

### 3 Operating profit

Operating profit is stated after charging:

	<b>Year ended 31 December 2009 £</b>	<b>Period ended 31 December 2008 £</b>
Depreciation of tangible fixed assets		
Owned assets	<b>44,476</b>	167
Operating lease charges:		
Plant and machinery	<b>21,023</b>	37,497
Other	<b>274,202</b>	200,277
Auditors' remuneration:		
Audit services	<b>-</b>	12,000

Auditors' remuneration in 2009 was borne by the parent undertaking E.ON UK plc and not recharged.

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

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was nil (2008: nil). The Company is charged by E.ON UK plc for the services of the following employees:

<b>By activity</b>	<b>Year ended 31 December 2009</b>	<b>Period ended 31 December 2008</b>
Production	<b>131</b>	125
Administration	<b>9</b>	13
	<b>140</b>	138

The salaries and related costs of employees, including directors, recharged to the Company by E.ON UK plc were:

	<b>Year ended 31 December 2009 £</b>	<b>Period ended 31 December 2008 £</b>
Wages and salaries	<b>3,754,307</b>	4,051,843
Social security costs	<b>370,889</b>	401,517
Other pension costs	<b>84,384</b>	24,250
	<b>4,209,580</b>	4,477,610

**CHN ELECTRICAL SERVICES LIMITED**

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

**5 Interest payable and similar charges**

	<b>Year ended 31 December 2009 £</b>	<b>Period ended 31 December 2008 £</b>
Interest payable on bank loans and overdrafts	<b>3</b>	200

**6 Tax on profit on ordinary activities**

	<b>Year ended 31 December 2009 £</b>	<b>Period ended 31 December 2008 £</b>
<b>Current tax:</b>		
UK corporation tax on profits for the year	<b>112,995</b>	266,020
Adjustment in respect of previous periods	<b>17,125</b>	-
Total current tax	<b>130,120</b>	266,020
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>(1,588)</b>	9,480
Adjustment in respect of previous period	<b>(7,903)</b>	-
Unwinding of deferred tax	<b>9</b>	(75)
Total deferred tax	<b>(9,482)</b>	9,405
<b>Tax on profit on ordinary activities</b>	<b>120,638</b>	275,425

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 standard rate of corporation tax for the year in the UK at 28% can be explained as follows.



**CHN ELECTRICAL SERVICES LIMITED**

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

**6 Tax on profit on ordinary activities (continued)**

	<b>Year ended 31 December 2009 £</b>	<b>Period ended 31 December 2008 £</b>
Profit on ordinary activities before tax	<b>383,052</b>	954,888
Tax on profit on ordinary activities before tax at 28% (2008 28.8%)	<b>107,255</b>	275,008
<i>Effects of:</i>		
Depreciation in excess of capital allowances	<b>5,278</b>	(9,751)
Expenses not deductible for tax purposes	<b>462</b>	763
Adjustment in respect of previous periods	<b>17,125</b>	-
<b>Current tax charge for the year</b>	<b>130,120</b>	266,020

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits were taxed at an effective rate of 28.8% in 2008 and 28% in 2009.

The corporation tax payable for the year has been reduced by £112,995 (2008: £266,020) because of group relief received from a fellow group undertaking for which a payment will be made.

# CHN ELECTRICAL SERVICES LIMITED

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

### 7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost:</b>			
At 1 January 2009	138,558	-	138,558
Additions	-	434	434
Disposals	(138,558)	(434)	(138,992)
<b>At 31 December 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation:</b>			
At 1 January 2009	5,200	-	5,200
Charge for year	44,452	24	44,476
Disposals	(49,652)	(24)	(49,676)
<b>At 31 December 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 December 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2008	133,358	-	133,358

### 8 Stock

	At 31 December 2009 £	At 31 December 2008 £
Raw material and consumables	-	105,346

**CHN ELECTRICAL SERVICES LIMITED**

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

**9 Debtors: amounts falling due within one year**

	At 31 December 2009 £	At 31 December 2008 £
Trade debtors	-	1,071,991
Amounts owed by group undertakings	<b>766,154</b>	721,559
Corporation tax	<b>24,951</b>	29,143
Other debtors	-	236,530
Prepayments and accrued income	-	1,589
	<b>791,105</b>	2,060,812

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

**10 Creditors: amounts falling due within one year**

	At 31 December 2009 £	At 31 December 2008 £
Trade creditors	-	781,829
Amounts owed to group undertakings	-	976,389
Other taxation and social security	<b>387</b>	136,451
Other creditors	-	54,224
Accruals and deferred income	-	148,343
	<b>387</b>	2,097,236

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



# CHN ELECTRICAL SERVICES LIMITED

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

### 11 Deferred tax

The deferred tax provision comprises:

	At 31 December 2009 £	At 31 December 2008 £
Decelerated capital allowances	-	9,554
Undiscounted provision for deferred tax	-	9,554
Discount	-	(72)
<b>Discounted provision for deferred tax</b>	<b>-</b>	<b>9,482</b>

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

	£
Deferred tax provision at 1 January 2009	9,482
Deferred tax credit to profit and loss account (see note 6)	(9,482)
<b>Deferred tax provision at 31 December 2009</b>	<b>-</b>

Deferred tax balances were measured at the standard rate of corporation tax in the UK of 28%, as this was the rate in force at the balance sheet date. A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No. 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

### 12 Called up share capital

	At 31 December 2009 £	At 31 December 2008 £
<b>Authorised</b>		
10,000 ordinary shares of £1 each	<b>10,000</b>	10,000
<b>Allotted, called-up and fully</b>		
1,000 ordinary shares of £1 each	<b>1,000</b>	1,000

# CHN ELECTRICAL SERVICES LIMITED

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

### 13 Reserves

	Profit and loss reserve £
At 1 January 2009	610,589
Profit for the financial year	262,414
<b>At 31 December 2009</b>	<b>873,003</b>

### 14 Reconciliation of movements in shareholder's funds

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Profit for the financial year	262,414	679,463
Net additions to shareholder's funds	262,414	679,463
Opening shareholder's funds/(deficit)	611,589	(67,874)
Closing shareholder's funds	874,003	611,589

### 15 Financial commitments

The Company had annual commitments under non-cancellable operating leases in respect of motor vehicles expiring as follows:

	At 31 December 2009 £	At 31 December 2008 £
within one year	216,268	21,699
within two to five years	309,741	160,558
	<b>526,009</b>	<b>182,257</b>

### 16 Disposals

On 31 December 2009, the Company transferred all of its trade and certain assets and liabilities to a fellow group undertaking, E.ON UK Property Services Limited, at book value. The Company ceased trading from this date. The consideration paid was £328,000 which represented fixed assets of £89,000, stock of £68,000, debtors of £2,555,000, creditors of £2,239,000 and accruals of £145,000.



---

## **CHN ELECTRICAL SERVICES LIMITED**

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

#### **17 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is CHN Group Ltd. The ultimate parent undertaking and controlling party is E.ON AG, a company incorporated in Germany, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is that of which E.ON UK plc, the principal UK trading subsidiary of E.ON AG, is the parent undertaking. Copies of E.ON AG's accounts are available from the offices of E.ON AG at the following address:

E.ON AG  
E.ON-Platz 1  
D-40479  
Dusseldorf  
Germany