

Company number: 3430063

# CHN Group Ltd

Strategic Report, Directors' Report and Financial Statements

for the Year Ended 31 December 2013



## **CHN Group Ltd**

### **Strategic Report for the Year Ended 31 December 2013**

The directors present their strategic report of the Company for the year ended 31 December 2013.

#### **Fair review of the business**

The Company was dormant during 2012 and during 2013 it only undertook the transactions described in the Directors' Report, which reduced the net assets to £2.

The directors are considering the future of the Company.

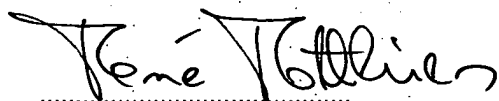
#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the E.ON SE consolidated group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of E.ON SE, which include those of the Regional Unit 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 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 Regional Unit UK division of E.ON SE, 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.

Approved by the Board of Directors on 9 September 2014 and signed on its behalf by:



**R Matthies**  
Director

CHN Group Ltd  
Company No: 3430063  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

## **CHN Group Ltd**

### **Directors' Report for the Year Ended 31 December 2013**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2013.

#### **Directors of the Company**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R Matthies

D A Leiper

#### **Principal activity**

The Company's principal activity during the year was that of a holding company.

During the year, the Company:

- (i) undertook a reduction of its issued share capital from 2,439 shares of £1 each, to 2 shares of £1 each;
- (ii) received interim dividends from its subsidiaries of £4,445,000, which were satisfied by distributions of assets by way of distributions in specie;
- (iii) impaired its investments in its subsidiaries by £268;
- (iv) disposed of its investments in its subsidiaries to E.ON UK Energy Services Limited by way of distributions in specie; and
- (v) declared an interim dividend of £3,092,000 which was satisfied by way of a distribution in specie.

#### **Results and dividends**

The Company's profit for the financial year is £4,445,000 (2012: £nil). Interim dividends of £3,092,000 were paid during the year (2012: £nil). The directors do not recommend the payment of a final dividend (2012: £nil).

#### **Political donations**

No political donations were made during the year (2012: £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 the Directors' Report.

#### **Disclosure of information to the auditors**

Each director has taken 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. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

**CHN Group Ltd**  
**Directors' Report for the Year Ended 31 December 2013**  
**(continued)**

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Approved by the Board of Directors on 9 September 2014 and signed on its behalf by:



**R Matthies**  
Director

CHN Group Ltd  
Company No: 3430063  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

## **Independent Auditors' Report to the Members of CHN Group Ltd**

### **Report on the financial statements**

#### **Our Opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by CHN Group Ltd, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Independent Auditors' Report to the Members of**  
**CHN Group Ltd**  
**(continued)**

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

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

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.


**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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 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.



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

Birmingham

Date: 9 September 2014

**CHN Group Ltd**  
**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £ 000	2012 £ 000
<b>Operating result</b>	2	-	-
Income from shares in group undertakings	4	4,445	-
Amounts written off investments		-	-
<b>Profit on ordinary activities before taxation</b>		4,445	-
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial year</b>	9	4,445	-

All of the above amounts relate to discontinued operations.

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.

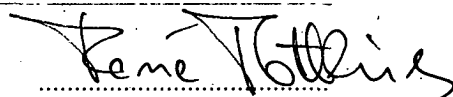
The Company has no recognised gains or losses for the current or prior year, other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 12 form an integral part of these financial statements.

**CHN Group Ltd**  
**(Company number: 3430063)**  
**Balance Sheet as at 31 December 2013**

	Note	2013 £ 000	2012 £ 000
<b>Current assets</b>			
Debtors	5	-	2,137
<b>Creditors: amounts falling due within one year</b>	6	-	(3,490)
<b>Net assets/(liabilities)</b>		-	(1,353)
<b>Capital and reserves</b>			
Called up share capital	7	-	2
Profit and loss account	9	-	(1,355)
<b>Total shareholders' funds/(deficit)</b>	10	-	(1,353)

The financial statements on pages 6 to 12 were approved by the Board of Directors on 9 September 2014 and signed on its behalf by:



**R Matthies**  
Director

CHN Group Ltd

The notes on pages 8 to 12 form an integral part of these financial statements.



## **CHN Group Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2013**

#### **1 Accounting policies**

##### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the E.ON SE group.

##### **Exemption from preparing group financial statements**

The Company is a wholly-owned subsidiary undertaking of E.ON SE, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON SE. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

##### **Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the financial statements in the period in which the dividends are approved.

##### **Taxation**

The tax charge for the year is based on the profits on ordinary activities for the year.

##### **Related party transactions**

The Company is exempt under the terms of Financial Reporting Standard 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the E.ON SE group or investees of the E.ON SE group.

#### **2 Operating result**

##### **Administration**

All administration costs were borne by E.ON UK plc, the immediate parent undertaking, and not recharged.

Auditors' remuneration of £1,000 (2012: £nil) was borne by E.ON UK plc, the immediate parent undertaking, and not recharged.

There were no employees during the year (2012: none).

The directors received no emoluments from the Company during the year (2012: £nil).

**CHN Group Ltd**  
**Notes to the Financial Statements for the Year Ended 31 December 2013**  
*(continued)*

**3 Tax on profit on ordinary activities**

	<b>2013</b> <b>£ 000</b>	<b>2012</b> <b>£ 000</b>
<b>Current tax</b>		
Corporation tax charge	-	-
UK corporation tax	-	-

**Factors affecting current tax charge for the year**

The difference between the tax on the profit on ordinary activities for the year and the tax assessed on the profit on ordinary activities for the year assessed at the effective rate of corporation tax in the UK at 23.25% (2012: 24.5%) can be explained as follows:

	<b>2013</b> <b>£ 000</b>	<b>2012</b> <b>£ 000</b>
Profit on ordinary activities before taxation	<u>4,445</u>	-
Corporation tax at effective rate	1,033	-
Dividend income not taxable	<u>(1,033)</u>	-
Total current tax	<u>-</u>	<u>-</u>

During the year the main rate of UK corporation tax was reduced to 23% effective from 1 April 2013. Legislation was included in the Finance Act 2013 to reduce the corporation tax rate from 23% to 21% effective from 1 April 2014 and from 21% to 20% effective from 1 April 2015.

**CHN Group Ltd**  
**Notes to the Financial Statements for the Year Ended 31 December 2013**  
*(continued)*

**4 Investments**

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings £ 000</b>
<b>Cost</b>	
At 1 January 2013	503
Additions	-
Disposals	(503)
At 31 December 2013	-
<b>Provision for impairment</b>	
At 1 January 2013	503
Charge for the year	-
Eliminated on disposal	(503)
At 31 December 2013	-
<b>Net book value</b>	
At 31 December 2013	-
At 31 December 2012	-

During the year the Company received interim dividends from its subsidiaries of £4,445,000 which were satisfied by distributions of assets by way of distributions in specie.

During the year the Company disposed of its investments in its subsidiaries to E.ON UK Energy Services Limited by way of distributions in specie.

**5 Debtors**

	<b>2013 £ 000</b>	<b>2012 £ 000</b>
Amounts owed by group undertakings	-	2,137

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

**CHN Group Ltd**  
**Notes to the Financial Statements for the Year Ended 31 December 2013**  
*(continued)*

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

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings	-	3,490

Amounts owed to group undertakings at 31 December 2012 were unsecured, interest free and repayable on demand.

**7 Called up share capital**

**Allotted and fully paid**

	2013 No.	£ 000	2012 No.	£ 000
Ordinary shares of £1 each	2	-	2,439	2

On 26 November 2013, the Company undertook a reduction of its issued share capital from £2,439, divided into 2,439 ordinary shares of £1 each to £2, divided into 2 ordinary shares of £1 each.

**8 Dividends**

	2013 £ 000	2012 £ 000
<b>Dividends paid</b>		
Current year interim dividend paid	3,092	-

On 10 December 2013, the Company declared an interim dividend of £3,092,000 (2012: £nil) which was satisfied by way of a distribution in specie. This amounted to £1,546,000 per £1 share (2012: £nil).

# CHN Group Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2013

(continued)

### 9 Reserves

	Profit and loss account £ 000
At 1 January 2013	(1,355)
Profit for the financial year	4,445
Reduction in share capital	2
Dividends paid	(3,092)
<b>At 31 December 2013</b>	<b>-</b>

### 10 Reconciliation of movement in shareholders' funds/(deficit)

	2013 £ 000	2012 £ 000
Profit/result attributable to the members of the Company	4,445	-
Dividends paid	(3,092)	-
Net addition to shareholders' funds	1,353	-
Shareholders' deficit at 1 January	(1,353)	(1,353)
<b>Shareholders' funds/(deficit) at 31 December</b>	<b>-</b>	<b>(1,353)</b>

### 11 Ultimate parent

During the year the immediate parent undertaking of the Company changed from E.ON UK Energy Services Limited to E.ON UK plc. The ultimate controlling party is E.ON SE, 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  
E.ON-Platz 1  
D-40479  
Düsseldorf  
Germany