

**Company Registration No. 03921789**

**E.ON Ruhrgas UK Group Limited**

**Report and Financial Statements**

**31 December 2007**

WEDNESDAY



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COMPANIES HOUSE

# **E.ON Ruhrgas UK Group Limited**

## **Report and financial statements 2007**

| <b>Contents</b>                                 | <b>Page</b> |
|---|-------------|
| <b>Officers and professional advisers</b>       | <b>1</b>    |
| <b>Directors' report</b>                        | <b>2</b>    |
| <b>Statement of directors' responsibilities</b> | <b>4</b>    |
| <b>Independent auditors' report</b>             | <b>5</b>    |
| <b>Profit and loss account</b>                  | <b>6</b>    |
| <b>Balance sheet</b>                            | <b>7</b>    |
| <b>Notes to the accounts</b>                    | <b>8</b>    |

# **E.ON Ruhrgas UK Group Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

Mr F Sivertsen            (Chairman)  
Mr M Cole  
Dr P Reichetseder  
Mr H Rothermund  
Mr N Prien  
Ms J Buss

#### **Secretary**

Mr R Ashmore

#### **Registered Office**

4<sup>th</sup> Floor  
Four Millbank  
London  
SW1P 3JA

#### **Bankers**

Royal Bank of Scotland plc  
135 Bishopsgate  
London  
EC2M 3YR

#### **Solicitors**

Bond Pearce LLP  
8<sup>th</sup> Floor, New London House  
6 London Street  
London  
EC3R 7LP

#### **Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

# **E.ON Ruhrgas UK Group Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### **Principal activity**

The company's principal activity is to act as an investment holding company

### **Results and dividends**

The Company made a profit after taxation for the year of £1,479,000 (2006 - £1,265,000)

The Directors do not recommend the payment of a dividend (2006 - nil)

### **Review of business and future developments**

The Company continued to hold all of the share capital of E ON Ruhrgas UK Holding Limited which in turn holds all of the share capital of E ON Ruhrgas UK Caister Limited, E ON Ruhrgas UK Median Limited, E ON Ruhrgas UK Energy Trading Limited and E ON Ruhrgas UK EU Limited. E ON Ruhrgas UK EU Limited in turn owns all of the share capital of Caledonia Europe Hydrocarbons Limited, Caledonia Europe Resources Limited and Caledonia Offshore Development Limited, all of which are dormant companies. In September 2008 an application for strike-off of all these three companies was submitted to Companies House and a return of capital performed.

During the year the company has received intercompany interest on intercompany loans which are outstanding at the year end and will continue to do so in the future until the loans are paid off.

During the year the company has received and paid intercompany interest on intercompany loans which are outstanding at the year end. The company's credit facility with Ergon Financial Management Limited was replaced by a credit facility from E ON Ruhrgas UK Energy Trading Limited of up to £110,000,000 repayable on 6 February 2008 which bears interest at LIBOR plus 0.3% per annum. At 31 December 2007 the company had not drawn down on this facility.

On 6 February 2008, the Company's credit facility with E ON Ruhrgas UK Energy Trading Limited was renewed, and is repayable on 8 February 2013.

### **Principal risks and uncertainties**

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. These risks and uncertainties are those associated with the exploration, development and production of natural gas from the North West European Continental Shelf, and include technological complexity, drilling success and natural gas price.

### **Key performance indicators**

The directors of E ON Ruhrgas AG manage the group's operations on a divisional basis. For this reason and due to the activities of E ON Ruhrgas UK Holding Limited the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company.

# **E.ON Ruhrgas UK Group Limited**

## **Directors' report (continued)**

### **Directors**

The directors who served during the year and / or currently serve are as shown below

|                   |                                     |
|-------------------|-------------------------------------|
| Mr F Sivertsen    | (appointed Chairman 1 January 2008) |
| Dr E Benke        | (Chairman, resigned 1 January 2008) |
| Mr J MacDonald    | (resigned 4 June 2007)              |
| Dr P Reichetseder |                                     |
| Mr N Prien        |                                     |
| Mr H Rothermund   | (appointed 4 June 2007)             |
| Ms J Buss         | (appointed 1 January 2008)          |
| Mr M Cole         | (appointed 17 January 2008)         |

### **Auditors**


Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

PricewaterhouseCoopers LLP expressed their willingness to continue in office as auditors and shall continue in office until re-appointed at the next general meeting at which accounts are laid

Approved by the Board of Directors  
and signed on behalf of the Board



R Ashmore  
Secretary

28 October 2008

## **E.ON Ruhrgas UK Group Limited**

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

The directors are responsible for preparing the annual report and the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E.ON RUHRGAS UK GROUP LIMITED**

We have audited the financial statements of E.ON Ruhrgas UK Group Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

### **Basis of audit opinion**

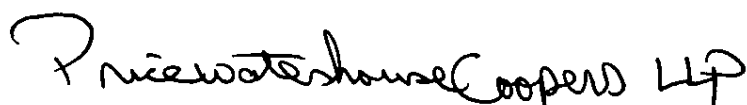
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
28 October 2008

## **E.ON Ruhrgas UK Group Limited**

### **Profit and loss account**

**Year ended 31 December 2007**

|  | <b>Note</b>        | <b>2007<br/>£'000</b> | <b>2006<br/>£'000</b> |
|--|--------------------|-----------------------|-----------------------|
| Administrative expenses  |                    | -                     | -                     |
| <b>Operating profit</b>  | <b>3</b>           | -                     | -                     |
| Interest receivable and similar income   | 4                  | 1,481                 | 1,265                 |
| Interest payable and similar charges   | 5                  | (2)                   | -                     |
| <b>Profit on ordinary activities before taxation</b>   |                    | <b>1,479</b>          | <b>1,265</b>          |
| Taxation on profit on ordinary activities  | 6                  | -                     | -                     |
| <b>Profit on ordinary activities after taxation<br/>and retained profit for the financial year</b> | <b>11 &amp; 12</b> | <b>1,479</b>          | <b>1,265</b>          |

There are no other recognised gains and losses attributable to the shareholder of the Company other than the profit of £1,479,000 for the year ended 31 December 2007 (2006 £1,265,000). Accordingly a statement of total recognised gains and losses has not been presented.

All the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.



# E.ON Ruhrgas UK Group Limited

## Balance sheet 31 December 2007

|   | Note | 2007<br>£'000  | 2006<br>£'000  |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Investment in subsidiary undertaking                  | 7    | -              | -              |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 8    | 152,074        | 150,593        |
| Cash at bank and in hand                              |      | 5              | 5              |
|   |      | <u>152,079</u> | <u>150,598</u> |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(459)</u>   | <u>(457)</u>   |
| <b>Net current assets</b>                             |      | <u>151,620</u> | <u>150,141</u> |
| <b>Net assets</b>                                     |      | <u>151,620</u> | <u>150,141</u> |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up equity share capital                        | 10   | 145,819        | 145,819        |
| Profit and loss account                               | 11   | <u>5,801</u>   | <u>4,322</u>   |
| <b>Total shareholders' funds</b>                      | 12   | <u>151,620</u> | <u>150,141</u> |

These financial statements were approved by the Board of Directors on 28 October 2008

Signed on behalf of the Board of Directors



M Cole

Managing Director

The notes on pages 8 to 13 form part of these financial statements

# **E.ON Ruhrgas UK Group Limited**

## **Notes to the accounts**

### **Year ended 31 December 2007**

#### **1. Accounting policies**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the UK. A summary of the company's principal accounting policies is set out below.

##### **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

##### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

##### **Cash flow statement**

The directors have taken advantage of the exemption in paragraph 5(a) of FRS 1 (revised) from producing a cash flow statement.

##### **Disclosure of related party transactions**

The directors have taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard (FRS) 8 from disclosing details of transactions with its ultimate parent, subsidiaries and fellow subsidiary companies.

##### **Finance costs**

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are amortised and charged to the profit and loss account as finance costs over the term of the debt.

##### **Investments**

Investments in subsidiaries are held at cost less any provision for impairment.

## **E.ON Ruhrgas UK Group Limited**

### **Notes to the accounts**

**Year ended 31 December 2007**

**1 Accounting policies (continued)**

**Group accounts**

Group accounts of the company and its subsidiaries' participating undertakings have not been prepared. The company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Section 5 of the Companies Act 1989). The accounts present information about the company as an individual undertaking and not about its Group.

**2. Segmental reporting**

In the opinion of the directors, the company's activities comprise one class of business – the business of an investment holding company.

**3. Operating profit**

None of the directors received any emoluments during the year for services as a director of the company (2006 - £nil). The company employs no staff, and hence no staff costs were incurred (2006 - £nil).

Auditors' remuneration was borne by a fellow group undertaking (2006 - £nil).

**4 Interest receivable and similar income**

|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Interest receivable from group undertakings | <u>1,481</u> | <u>1,265</u> |

# **E.ON Ruhrgas UK Group Limited**

## **Notes to the accounts**

### **Year ended 31 December 2007**

#### **5. Interest payable and similar charges**

|                 | <b>2007</b>  | <b>2006</b>  |
|-----------------|--------------|--------------|
|                 | <b>£'000</b> | <b>£'000</b> |
| Finance charges | <u>2</u>     | <u>-</u>     |

#### **6 Tax on profit on ordinary activities**

The tax charge/(credit) is based on the results for the year and comprises

|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| <b>Corporation tax at 30%</b>                     | -            | -            |
| Current tax on income for the period              | -            | -            |
| Adjustments in respect of prior periods           | -            | -            |
|   | <u>-</u>     | <u>-</u>     |
| <b>Total current tax</b>                          | -            | -            |
| <b>Deferred taxation</b>                          |              |              |
| Origination timing differences in the year at 30% | -            | -            |
| Adjustments in respect of prior years             | -            | -            |
|   | <u>-</u>     | <u>-</u>     |
| <b>Total deferred tax</b>                         | -            | -            |
|   | <u>-</u>     | <u>-</u>     |
| <b>Total taxation charge</b>                      | <u>-</u>     | <u>-</u>     |

The tax charge for the current year is different from the standard rate of corporation tax in the UK (30%) applied to the profits for the year before tax. The differences are explained below

|  | <b>2007</b>  | <b>2006</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Profit on ordinary activities before taxation                      | <u>1,479</u> | <u>1,265</u> |
| Tax charge on profit before tax at standard rate of 30% (2006 30%) | (444)        | (380)        |
| Effect on tax charge of  |              |              |
| Group relief surrendered without payment                           | <u>444</u>   | <u>380</u>   |
| <b>Current year tax charge</b>                                     | <u>-</u>     | <u>-</u>     |

# E.ON Ruhrgas UK Group Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 7 Investment in subsidiary undertaking

At 31 December 2007 the company held an investment in one subsidiary undertaking, namely E ON Ruhrgas UK Holding Limited. The investment represents the whole issued share capital of the company, which is incorporated in England.

|  | 2007<br>£ | 2006<br>£ |
|--|-----------|-----------|
| Cost and carrying value                |           |           |
| At 1 January 2007 and 31 December 2007 | 2         | 2         |

The companies listed below, which are all subsidiary undertakings as at 31 December 2007, are those in which the E ON Ruhrgas UK Group Limited group's operating and financing activities are undertaken.

|  | Country of<br>incorporation<br>and operation | Activity                        | Group holding<br>and share of<br>net assets |
|--|--|---------------------------------|---|
| E ON Ruhrgas UK Holding Limited *        | England                                      | Services provider               | 100%  |
| E ON Ruhrgas UK Median Limited           | England                                      | Gas exploration &<br>production | 100%  |
| E ON Ruhrgas UK Caister Limited          | England                                      | Gas exploration &<br>production | 100%  |
| E ON Ruhrgas UK Energy Trading Limited   | England                                      | Gas trading                     | 100%  |
| E ON Ruhrgas UK EU Limited               | England                                      | Gas exploration &<br>production | 100%  |
| Caledonia Europe Resources Limited**     | England                                      | Dormant                         | 100%  |
| Caledonia Europe Hydrocarbons Limited**  | England                                      | Dormant                         | 100%  |
| Caledonia Offshore Development Limited** | England                                      | Dormant                         | 100%  |

\* Shares are held by the company where marked by an asterisk, others are held by subsidiary undertakings.

\*\*In September 2008 an application for strike-off of all these three companies was submitted to Companies House and a return of capital performed.

#### 8 Debtors

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Loan to subsidiary undertaking            | 20,000        | 20,000        |
| Amounts owed from subsidiary undertakings | 132,074       | 130,593       |
| Total                                     | 152,074       | 150,593       |

The company has loaned £20,000,000 (2006 £20,000,000) to its wholly owned subsidiary E ON Ruhrgas UK Holding Limited for a period to 31 December 2020. Repayment, at the borrower's discretion, shall be made on December 31 each year in no less than £500,000 tranches. Interest is payable at the London Interbank Offer rate quoted at 30 June and 31 December each year plus 1.625% and shall be computed for six monthly periods on the balance outstanding on the day immediately prior to the interest payment date.

# **E.ON Ruhrgas UK Group Limited**

## **Notes to the accounts**

### **Year ended 31 December 2007**

#### **9 Creditors amounts falling due within one year**

|                                    | <b>2007</b>  | <b>2006</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Amounts owed to group undertakings | 459          | 457          |
|                                    | <u>459</u>   | <u>457</u>   |

#### **10. Share capital**

|  | <b>2007</b>    | <b>2006</b>    |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Authorised</b>                          |                |                |
| 329,312,500 ordinary shares of £1 each     | 329,312        | 329,312        |
|  | <u>329,312</u> | <u>329,312</u> |
| <br><b>Allotted, issued and fully paid</b> |                |                |
| 145,818,849 ordinary shares of £1 each     | 145,819        | 145,819        |
|  | <u>145,819</u> | <u>145,819</u> |

#### **11 Profit and loss reserve**

|   | <b>2007</b>  |
|---|--------------|
|   | <b>£'000</b> |
| Profit and Loss reserve at 1 January 2007   | 4,322        |
| Retained profit for the year                | 1,479        |
|   | <u>5,801</u> |
| Profit and loss reserve at 31 December 2007 |              |

## **E.ON Ruhrgas UK Group Limited**

### **Notes to the accounts**

#### **Year ended 31 December 2007**

##### **12. Reconciliation of movements in shareholder's funds**

|   | <b>2007</b>    | <b>2006</b>    |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Shareholders' funds at 1 January 2007   | 150,141        | 148,876        |
| Profit for the financial year           | 1,479          | 1,265          |
| Shareholders' funds at 31 December 2007 | <u>151,620</u> | <u>150,141</u> |

##### **13. Commitments and contingencies**

###### **Contingent liabilities**

The company had no contingent liabilities as at 31 December 2007 (2006 - £nil)

###### **Capital commitments**

The company had no capital commitments as at 31 December 2007 (2006 - £nil)

##### **14. Ultimate parent undertaking**

The ultimate parent company and controlling party as at 31 December 2007 was E ON AG, a company incorporated in Germany

The immediate parent company is E ON Ruhrgas UK Holding Limited, which is its 100 per cent shareholder

The largest group in which the results of E ON Ruhrgas UK Group Limited are consolidated is that headed by E ON AG, whose principal place of business is in Germany. The consolidated accounts of E ON AG are available to the public and may be obtained from its registered office - E ON-Platz 1, D-40479 Düsseldorf, Germany

##### **15. Subsequent events**

On 6 February 2008, the Company's credit facility with E ON Ruhrgas UK Energy Trading Limited was renewed, which is repayable on 8 February 2013

In September 2008 an application for strike-off of Caledonia Europe Hydrocarbons Limited, Caledonia Europe Resources Limited and Caledonia Offshore Development Limited was submitted to Companies House and a return of capital performed

With effect from 1 April 2008, the corporation tax rate for this company will be reduced to 28% from 30%