

Carillion Heating Services Limited

Annual report and financial statements

Registered number 4996458

For the year ended 31 December 2013

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Strategic report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2013.

Principal activities and business review

On 1 January 2013 intercompany amounts owed to Carillion Energy Services Limited totalling £9,532,000 were waived by Carillion Energy Services Limited. On the same day, the continuing trade and assets of Carillion Heating Services Limited were transferred into Carillion Energy Services Limited at net book value and consideration was settled by intercompany loan account.

The principal activity had previously been the installation of domestic central heating systems. Following the trade transfer the company has no trading activity.

Profits

The results for the company show a profit before tax of £9,532,000 for the year ended 31 December 2013 (13 month period ended 31 December 2012: £420,000 loss) and turnover of £nil (13 month period ended 31 December 2012: £10,262,000).

Principal risks

Given the trade and asset transfer completed on 1 January 2013 (as detailed above) there are no further risks and uncertainties arising from the trading activity of the business, either in the year ended 31 December 2013 or ongoing. As such the directors have chosen to present no risks and uncertainties in this section.

Approved by the Board on

29/09/2014

and signed on its behalf by:



RJ Adam
Director

24 Birch Street
Wolverhampton
WV1 4HY

Directors' report

Directors

The directors serving during the year and to the date of this report were:

RJ Adam
A Hayward (Appointed 22 January 2014)
RJ Howson
N Spann (Resigned 22 January 2014)
RF Tapp

Employees

The majority of employees are based at site on contracts. Communication and consultation within the working teams takes place, as appropriate, as part of the normal pattern of everyday operations. Employees receive regular publications, such as "Spectrum", which provides information on activities throughout the Carillion Group and is published several times a year.

The establishment and maintenance of safe working practices at all work places are of greatest importance to the company and special training in health and safety is provided for all employees. The company is an active and enthusiastic supporter of training schemes of all types and is providing valuable training and experience to a large number of younger people, as well as increasing its own training commitment to full time employees.

Political donations

The company did not make any political donations during the year (period ended 31 December 2012: £nil).

Equal opportunities

Carillion Heating Services Limited is an equal opportunities employer.

It is the policy of the company to give the fullest consideration to the employment needs of all prospective and existing employees. To that end, no job applicant or employee receives less favourable treatment than another on grounds of colour, race, nationality, ethnic or national origin, sex, religion or disability where the work content is commensurate with the individual's particular disability. Special attention is given to interviewing, selection, recruitment and training to ensure that there is effective implementation of company policy. Promotion is based upon ability, merit and performance taking into account the future needs of the company. Where necessary, training is carried out to assist employees to develop potential. All aspects of employment are regularly reviewed by management to ensure this policy is achieved.

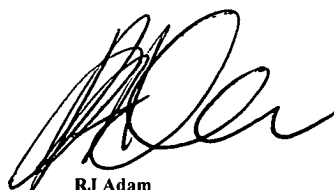
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

Approved by the Board on 29/09/2014 and signed on its behalf by:



RJ Adam
Director

24 Birch Street
Wolverhampton
WV1 4HY

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Carillion Heating Services Limited

We have audited the financial statements of Carillion Heating Services Limited for the year ended 31 December 2013 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 strategic report and 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.

Darren Turner

(Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

29/09/2014

Profit and loss account
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £000	13 month period ended 31 December 2012 £000
Turnover	1	-	10,262
Cost of sales		-	(9,655)
Gross profit		-	607
Administrative expenses		-	(1,027)
Operating profit/(loss)		-	(420)
Exceptional operating items	2	9,532	-
Profit/(loss) on ordinary activities before taxation	3	9,532	(420)
Taxation on ordinary activities	5	-	(869)
Profit/(loss) for the period		9,532	(1,289)

The continuing trade was transferred to Carillion Energy Services Limited on 1 January 2013, 2012 includes amounts in respect of discontinued operations.

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial period.

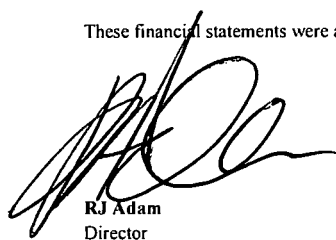
There were no recognised gains or losses in either the current or preceding financial period other than the profit or loss for those period, therefore no statement of recognised gains or losses is presented.

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

Balance sheet
at 31 December 2013

	Note	£000	31 December 2013 £000	31 December 2012 £000
Fixed assets				
Tangible assets	6	-	-	-
Current assets				
Stocks	7	-	-	169
Debtors	8	5,201	8,275	
Cash at bank and in hand		-	175	
Current assets		5,201	8,619	
Creditors: Amounts falling due within one year	9	-	(12,950)	
Net current assets/(liabilities)			5,201	(4,331)
Net assets/(liabilities)			5,201	(4,331)
Capital and reserves				
Called up share capital	11		50	50
Profit and loss account	12		5,151	(4,381)
Equity shareholders' funds/(deficit)	13		5,201	(4,331)

These financial statements were approved by the Board of Directors on 29/01/2014 and were signed on its behalf by:



RJ Adam
Director

Company registered number 4996458

Notes

(forming part of the financial statements)

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial information.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic report.

The company participates in the Carillion plc group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

Tangible fixed assets

Depreciation is based on historical cost or revaluation, less the estimated residual values, and the estimated economic lives of the assets concerned. Freehold land is not depreciated. Other tangible assets are depreciated in equal annual instalments over the period of their estimated economic lives, which are principally as follows:

Plant, equipment and vehicles	3-10 years
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Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Costs include appropriate overheads.

Leased assets

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of each lease.

Taxation

The charge for taxation is based on the result for each period and takes into account deferred taxation. Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Liabilities are calculated on a non-discounted full provision basis. Assets are calculated on the same basis, but are recognised only to the extent that it is probable that they will be recovered.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to all customers including fellow subsidiary undertakings. In respect of long term contracting activities, turnover reflects the value of work executed during the period.

Pensions

Contributions in respect of defined contribution schemes are charged to the profit and loss account as incurred.

Notes (continued)

2. Exceptional operating items

	Year ended 31 December 2013 £000	13 month period ended 31 December 2012 £000
Waiver of intercompany loan balances	<u>9,532</u>	<u>-</u>

3. Profit/(loss) before taxation

	Year ended 31 December 2013 £000	13 month period ended 31 December 2012 £000
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Profit/(loss) before taxation is stated after charging:

Depreciation of tangible fixed assets	-	7
Operating leases charges		
- Plant and Machinery	-	124

The operating lease disclosure relates to short term plant and machinery rentals.

Audit fees payable to the company's auditor, KPMG Audit plc, were borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's ultimate parent undertaking, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

Notes (continued)

4. Staff numbers and cost

The average number of persons employed by the company (including directors) during the financial year was as follows:

	Number of employees	
	Year ended 31 December 2013	13 month period ended 31 December 2012
By activity:		
Administration	10	31
Installers	22	67
	<u>32</u>	<u>98</u>

The aggregate payroll costs of these persons during the year were as follows:

	Year ended 31 December 2013	13 month period ended 31 December 2012
	£000	£000
Wages and salaries	1,187	2,315
Social security costs	99	227
Pension costs	14	66
Equity settled transactions	-	250
	<u>1,300</u>	<u>2,858</u>

A recharge of £1,300,000 was made to Carillion Energy Services Limited in respect of wages and salaries, social security and pension costs.

The directors are paid through fellow group companies and no recharge is made to the company in respect of these emoluments.

Notes (continued)

5. Taxation

	Year ended 31 December 2013 £000	13 month period ended 31 December 2012 £000
(a) Analysis of taxation charge		
<i>UK corporation tax</i>		
UK corporation tax on profit for the period	-	(257)
Adjustment in respect of previous periods	-	953
Total current taxation	-	696
<i>Deferred taxation</i>		
Accelerated capital allowances	-	(1)
Origination and reversal of timing differences	-	71
Adjustment in respect of previous periods	-	64
Adjustment in respect of change in rate	-	39
Total deferred taxation	-	173
Total taxation on ordinary activities	-	869

(b) Reconciliation of current taxation charge

The current tax charge for the year is equal to (2012: lower than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.6%). The differences are explained below:

	Year ended 31 December 2013 £000	13 month period ended 31 December 2012 £000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	9,532	(420)
 Taxation on ordinary activities at 23.25% (2012: 24.6%)	 2,216	 (104)
Effects of:		
Permanent differences	-	(121)
Amounts waived on intercompany loan balances	(2,216)	-
Other timing differences	-	(71)
Depreciation in excess of capital allowances	-	1
Share based payments	-	36
Adjustment in respect of previous periods	-	953
Current tax charge for the period	-	694

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6. Tangible fixed assets

	Plant, equipment and vehicles £000
Cost	
At beginning of the year	214
Transfer of assets to group companies (see note 14)	(214)
At end of the year	-
Depreciation	
At beginning of the year	214
Depreciation charge for the year	-
Transfer of assets to group companies (see note 14)	(214)
At end of the year	-
Net book value	
At 31 December 2013	-
At 1 January 2013	-

Notes (continued)

7. Stocks

	31 December 2013 £000	31 December 2012 £000
Raw materials	-	169
	<u>-</u>	<u>169</u>

8. Debtors: amounts falling due within one year:

	31 December 2013 £000	31 December 2012 £000
Trade debtors	-	1,550
Amounts owed by group undertakings	5,201	2,933
Corporation tax	-	882
Other debtors	-	160
Deferred tax (see note 10)	-	446
Prepayments and accrued income	-	2,304
	<u>5,201</u>	<u>8,275</u>

9. Creditors: amounts falling due within one year

	31 December 2013 £000	31 December 2012 £000
Trade creditors	-	640
Amounts owed to group undertakings	-	10,733
Other creditors	-	1
Accruals and deferred income	-	1,576
	<u>-</u>	<u>12,950</u>

Notes (continued)

10. Deferred tax asset

	£000
At the beginning of the year	446
Transfer to group company (see note 14)	(446)
At the end of the year	-

The elements of deferred taxation are as follows:

	31 December 2013 £000	31 December 2012 £000
Accelerated capital allowances	-	436
Other timing differences	-	10
	-	446

The deferred tax asset is disclosed in debtors (see note 8).

11. Share capital

	31 December 2013 £000	31 December 2012 £000
Allotted, called up and fully paid: 50,001 ordinary shares of £1 each	50	50

12. Reserves

	Profit and loss account £000
At beginning of the year	(4,381)
Profit for the financial year	9,532
At end of the year	5,151

Notes (continued)

13. Reconciliation of movements in shareholders' funds/(deficit)	31 December 2013 £000	31 December 2012 £000
Profit/(loss) for the financial year	<u>9,532</u>	<u>(1,289)</u>
Net increase/(decrease) in equity shareholders' funds/(deficit)	9,532	(1,289)
Equity shareholders' deficit at beginning of period	<u>(4,331)</u>	<u>(3,042)</u>
Equity shareholders' funds/(deficit) at end of period	<u>5,201</u>	<u>(4,331)</u>

14. Disposal of trade and assets

On 1 January 2013 after the waiver of the intercompany creditor, the continuing trade and assets of Carillion Energy Heating Services Limited were transferred into Carillion Energy Services Limited at net book value.

	£000
Stocks	169
Debtors	7,829
Deferred tax	446
Cash at bank and in hand	175
Creditors	<u>(3,418)</u>
	<u>5,201</u>
Consideration	<u>(5,201)</u>
Result on disposal	<u>-</u>

The consideration was settled by intercompany loan account.

15. Controlling and parent company

The company's controlling company is Carillion plc, its ultimate parent company, which is incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements of Carillion plc are available from 24 Birch Street, Wolverhampton, WV1 4HY.