

Co Hse

Kellen Venture Limited

**Directors' report and financial
statements**

Registered number 5443889

Year ended 31 December 2011

Registered number 5443889

SATURDAY



A1H2CBWH

A26

08/09/2012

#73

COMPANIES HOUSE

Contents

Directors' report	1
Independent Auditor's Report to the Shareholders of Kellen Venture Limited	3
Profit and loss account	5
Balance sheet	6
Notes forming part of the financial statements	7

Directors

R Wallace
J Hector
N J Clark
M Carr
T Butler

Secretary and registered office

Beach Secretaries Limited, Hazeldean, Station Road, Leatherhead, Surrey, KT22 7AA

Company number

5443889

Auditors

BDO LLP
Emerald House
East Street
Epsom
KT17 1HS

Registered number 5443889

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

The company principally acts as a holding company for subsidiaries

Results

The profit and loss account is set out on page 5 and shows the profit for the year after receipt of a dividend from a group undertaking

Dividends

The directors do not recommend the payment of a dividend in respect of the ordinary share capital of the company

Directors

The directors in office during the year were as follows

R Wallace
J Hector
N J Clark
M Carr
T Butler (Appointed 04th October 2011)

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 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). 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,
- 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' report *(continued)*


Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the Board



T W Butler
Director

Date 17th April 2012

Independent Auditor's Report to the Shareholders of Kellen Venture Limited

We have audited the financial statements of Kellen Venture Limited for the year ended 31 December 2011 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 31st December 2011 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.

Independent Auditor's Report to the Shareholders of Kellen Venture Limited

(continued)

Opinion on other matters 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



*Andrew Stuckland (senior statutory auditor)
For and on behalf of BDO LLP statutory auditor
Epsom, Surrey*

United Kingdom

Date 19th April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Dividend from share in group undertaking		4,615,670	5,000,000
Administrative expenses		(3,120)	(3,161)
Profit on ordinary activities		4,612,550	4,996,839
Interest payable and similar charges	3	(6,896,237)	(6,056,133)
Interest receivable	4	1,009,738	804,439
Loss on ordinary activities before taxation	2	(1,273,949)	(254,855)
Tax credit on ordinary activities	5	1,560,749	1,471,359
Profit on ordinary activities after taxation	11	286,800	1,216,504

The operating loss of the company arose solely from continuing activities. There are no recognised gains or losses other than the loss for the financial period.

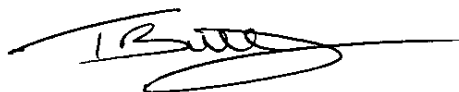
The notes on page 7 to 12 form part of the financial statements

Balance sheet
at 31 December 2011

	<i>Note</i>	31 December 2011 £	31 December 2010 £
Fixed assets			
Investments	6	52,020,233	52,020,233
Current assets			
Debtors	7	48,680,741	46,945,676
Cash at bank and in hand		1,012,580	945,154
		49,693,321	47,890,830
Creditors: amounts falling due within one year	8	(61,614,299)	(60,972,592)
Net current liabilities		(11,920,978)	(13,081,762)
Total assets less current liabilities		40,099,255	38,938,471
Creditors: amounts falling due after more than one year	9	(19,330,994)	(18,457,010)
Net assets		20,768,261	20,481,461
Capital and reserves			
Called up share capital	10	19,627,847	19,627,847
Profit and loss account	11	1,140,414	853,614
Shareholders' funds	12	20,768,261	20,481,461

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the board of directors and authorised for issue on 17th April 2012 and are signed on its behalf by


T W Butler
Director

The notes on page 7 to 12 form part of the financial statements

Notes forming part of the financial statements

1 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 statements

Basis of preparation

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

The company is exempt under section 401 of the Companies Act 2006 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies. The financial statements present information about the company as an individual undertaking and not about its group

In accordance with Financial Reporting Standard 1 (Revised), the company is exempt from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company whose consolidated accounts include a consolidated cash flow statement dealing with the cash flow of the group

As 100% of the company's voting rights are controlled within the group headed by ESP Gas Group Limited the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ESP Gas Group Limited, within which this company is included, are publicly available as described in note 14

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £11,920,978 (2010 £13,081,762). The company is dependent for its working capital on funds provided to it by a fellow group undertaking. This group undertaking has confirmed it will not seek repayment of amounts outstanding until there are sufficient funds available for the company to be able to make such a repayment. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment

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 from the basis of preparation being inappropriate

Investments

Investments are stated at cost less amounts written off where the directors believe that there is an impairment

Taxation

The charge for taxation is based on the result for the period. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Dividends

Dividend income is recognised when the dividend has been approved by the shareholder and the company is legally entitled to them

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration – Audit	2,500	2,529

3 Interest payable and similar charges

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Interest on loans from group companies	4,392,582	3,655,510
Loan note interest	2,503,655	2,400,623
	<u>6,896,237</u>	<u>6,056,133</u>

4 Interest receivable

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Interest received from group undertakings	1,009,738	804,439
	<u>1,009,738</u>	<u>804,439</u>

Notes (continued)

5 Taxation

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
<i>UK Corporation tax</i>		
Current tax credit on income in the period	1,560,749	1,471,359
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax credit	1,560,749	1,471,359

Factors affecting the tax charge for the current period

The current tax credit for the period is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5%

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,273,949)	(254,855)
	<hr/>	<hr/>
Current tax at 26.5% (2010 28%)	337,596	71,359
<i>Effects of</i>		
Adjustment in respect of non taxable dividend	1,223,153	1,400,000
	<hr/>	<hr/>
Total current tax credit	1,560,749	1,471,359

Notes (continued)

6 Investments

	Investment in subsidiary £
Cost and net book value at 1 January 2011	52,020,233
Additions	-
Cost and net book value at 31 December 2011	52,020,233

The subsidiary operates and is registered in England and Wales, as follows

Company name	Nature of business	Class of shares held	Holding (%)
ESP Connections Limited	Gas transportation	Ordinary	100

7 Debtors

	31 December 2011 £	31 December 2010 £
Amounts due from fellow subsidiaries	39,869,602	39,695,300
Group relief recoverable from fellow subsidiaries	8,806,098	7,245,349
Prepayments	15	-
Other debtors	5,026	5,027
	48,680,741	46,945,676

8 Creditors: amounts falling due within one year

	31 December 2011 £	31 December 2010 £
Accruals and deferred income	3,373	2,813
Amounts owed to fellow subsidiaries	61,610,926	60,969,779
	61,614,299	60,972,592

Notes (continued)

9 Creditors: amounts falling due after more than one year

	31 December 2011 £	31 December 2010 £
Loan notes – fellow subsidiaries	19,330,994	18,457,010

The loan notes are repayable in 2015 and attract an interest rate of 13.63% per annum. Interest to date has been rolled into the principal amount.

10 Share capital

	31 December 2011 £	31 December 2010 £
<i>Authorised</i>		
20,000,000 Ordinary shares of £1 each	20,000,000	20,000,000
	<hr/>	<hr/>
	31 December 2011 £	31 December 2010 £
<i>Allotted, called up and fully paid</i>		
19,627,847 Ordinary shares of £1 each	19,627,847	19,627,847

11 Profit and loss account

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit for the financial period	286,800	1,216,504
Profit and loss account at the beginning of the period	853,614	(362,890)
	<hr/>	<hr/>
Profit and loss account at the end of period	1,140,414	853,614

12 Reconciliation of movement in shareholders' funds

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit for the period	286,800	1,216,504
Opening shareholders' funds	20,481,461	19,264,957
	<hr/>	<hr/>
Closing shareholders' funds	20,768,261	20,481,461

Notes *(continued)*

13 Contingent liability

The company holds £942,587 (2010 £872,587) on an escrow account on behalf of other group companies. This is a regulatory requirement and would be used to ensure the continuity of gas supplied by the group company in the event of the group company being unable to continue trading

14 Immediate and ultimate holding company and parent undertaking of larger group

The company's immediate holding company is E S Pipelines Limited, a company registered in England. The company's ultimate holding company is Zoom Holding Limited, a company registered in England and Wales

The largest group in which the results of the company are consolidated is that headed by Zoom Holding Limited. The smallest group in which the results of the company are consolidated is that headed by ESP Gas Group Limited. Copies of these consolidated financial statements are available from Companies House