

Company number 6764957

E.ON UK PS Limited

Directors' Report and Financial Statements
for the Year Ended 31 December 2011

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E.ON UK PS Limited
Directors' Report for the Year Ended 31 December 2011

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

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

D A Leiper

M Hoehler (resigned 23 February 2011)

M L Thomas (appointed 24 May 2011 and resigned 30 September 2011)

B J Tear (appointed 30 September 2011 and resigned 12 June 2012)

The following director was appointed after the year end

R Matthies (appointed 2 July 2012)

Principal activity

Prior to 1 April 2011, the Company's principal activity was the provision of central heating system care and protection products and other home energy services. The Company ceased trading with effect from this date following the disposal of its business to E.ON Energy Solutions Limited.

Business review

Fair review of the business

Both the level of business during the year and the financial position of the Company at the year end were as expected.

On 1 April 2011, the Company disposed of the assets, liabilities and trade of the Home Energy Services business to E.ON Energy Solutions Limited. E.ON Energy Solutions Limited assumed the Company's net liabilities as consideration for the value of the business acquired and no cash consideration was received. The directors are considering the future of the Company.

Principal risks and uncertainties

Prior to 1 April 2011, the management of the business and the execution of the Company's strategy was subject to a number of risks.

The key business risks and uncertainties affecting the Company prior to 1 April 2011 were considered to relate to competition, weather 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 E.ON Energy Solutions 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.

E.ON UK PS Limited
Directors' Report for the Year Ended 31 December 2011
(continued)

Results and dividends

The Company's profit for the financial year is £16,701,000 (2010 loss of £5,839,000) The directors do not recommend the payment of a dividend (2010 £nil)

Political donations

No political donations were made during the year (2010 £nil)

Charitable donations

No charitable donations were made during the year (2010 £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

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

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 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 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

E.ON UK PS Limited
Directors' Report for the Year Ended 31 December 2011
(continued)

Approved by the Board on 11 September 2012 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R Matthies', is written over a horizontal line.

R Matthies
Director

E ON UK PS Limited
Company No 6764957
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of E.ON UK PS Limited

We have audited the financial statements of E.ON UK PS 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).

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 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.

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. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 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.

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.

Independent Auditors' Report to the Members of
E.ON UK PS Limited
(continued)

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

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

Birmingham

Date 13 September 2012

E.ON UK PS Limited
Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Turnover	2	4,388	15,647
Cost of sales		<u>(5,683)</u>	<u>(19,446)</u>
Gross loss		(1,295)	(3,799)
Administrative expenses		(1,170)	(4,031)
Impairment of fixed assets		<u>(43)</u>	<u>(79)</u>
Operating loss	3	(2,508)	(7,909)
Profit on sale of business	5	18,502	-
Interest payable and similar charges	7	<u>(60)</u>	<u>(203)</u>
Profit/(loss) on ordinary activities before taxation		15,934	(8,112)
Tax on profit/(loss) on ordinary activities	8	<u>767</u>	<u>2,273</u>
Profit/(loss) for the financial year	15	<u>16,701</u>	<u>(5,839)</u>

All of the above amounts relate to discontinued operations

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

The Company has no recognised gains or losses for the 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 17 form an integral part of these financial statements

E.ON UK PS Limited
(Company number: 6764957)
Balance Sheet as at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Current assets			
Stocks	10	-	154
Debtors	11	<u>475</u>	<u>6,530</u>
		475	6,684
Creditors' amounts falling due within one year	12	<u>(475)</u>	<u>(23,347)</u>
Total assets less current liabilities		-	(16,663)
Creditors' amounts falling due after more than one year	13	<u>-</u>	<u>(38)</u>
Net liabilities		<u>-</u>	<u>(16,701)</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	<u>-</u>	<u>(16,701)</u>
Total shareholders' deficit	16	<u>-</u>	<u>(16,701)</u>

Approved by the Board on 11 September 2012 and signed on its behalf by



R Matthias
Director

E ON UK PS Limited

The notes on pages 8 to 17 form an integral part of these financial statements

E.ON UK PS Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

1 Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention and 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 group.

Going concern

The financial statements have been prepared on a going concern basis.

Turnover

Turnover comprises revenue from the sale of care and protection products to domestic customers. Turnover excludes value added tax. Where the Company has an ongoing obligation to provide services, turnover is apportioned on a time basis and amounts received in advance are treated as deferred income and excluded from current turnover.

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation and any provision for impairment. 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

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:

Asset class	Depreciation method and rate
Fixtures and fittings	Straight-line basis over 3 years
Plant and machinery	Straight-line basis over 3 years

Estimated useful lives are reviewed periodically.

E.ON UK PS Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

(continued)

Impairment

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower. Recoverable amount is defined as the higher of fair value less costs to sell and estimated value in use at the date the impairment review is undertaken. Value in use represents the present value of expected future cash flows, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where such an asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the income generating unit.

Impairments are recognised in the profit and loss account and, where material, are disclosed separately.

Stock

Stocks and stores 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 first in first out basis. In general, stocks are recognised in the profit and loss account on a weighted average cost basis.

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON Group are consolidated at each month end into a single balance with each group company. These transactions are net settled. As a result the directors consider it appropriate to present inter-company balances within these financial statements on a net basis. Formal loan balances are settled gross.

Taxation

The tax credit for the year is based on the profits or losses on ordinary activities for the year.

This 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 provisions and depreciation of fixed assets. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, or 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.

Operating leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

E.ON UK PS Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

(continued)

Pension costs

Prior to 31 August 2011, the Company contributed to a defined contribution pension scheme, and also a defined benefit group pension scheme operated by E.ON UK plc, the assets of which are invested in a separate trustee-administered fund. Further details of these schemes are available in E.ON UK plc's consolidated financial statements.

The Company is unable to identify its share of the underlying assets and liabilities of the group pension scheme. The Company has accounted for its contribution to the group pension scheme as if the scheme was a defined contribution scheme and accounts for contributions payable to the group pension scheme in the accounting period in which they fall due.

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 AG Group or investees of the E.ON AG Group.

2 Turnover

Turnover, which excludes value added tax, represents the value of the 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.

3 Operating loss

Operating loss is stated after charging

	2011 £ 000	2010 £ 000
Operating leases - other assets	195	728
Depreciation of owned assets	-	13
Impairment of tangible fixed assets	43	79
Auditors' remuneration	4	15

The directors received no emoluments from the Company during the year (2010: £nil).

4 Auditors' remuneration

	2011 £ 000	2010 £ 000
Audit of the financial statements	4	15

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

5 Exceptional items

	2011 £ 000	2010 £ 000
Profit on sale of business	<u>(18,502)</u>	<u>-</u>

On 1 April 2011, the business and trading assets of the Company were sold and the liabilities were assumed by E ON Energy Solutions Limited. The consideration was satisfied by way of the assumption by the buyer of net liabilities of £18,502,000 and this gave rise to a profit on disposal of £18,502,000.

6 Employee information

The average number of persons (including directors) employed by the Company until 31 August 2011 analysed by category was as follows

	2011 No.	2010 No.
Administration and support	118	102
Sales, marketing and distribution	41	38
Other departments	<u>180</u>	<u>172</u>
	<u>339</u>	<u>312</u>

The aggregate payroll costs were as follows

	2011 £ 000	2010 £ 000
Wages and salaries	2,514	9,931
Social security costs	258	953
Staff pensions	<u>204</u>	<u>826</u>
	<u>2,976</u>	<u>11,710</u>

All employees of the Company were transferred to E ON Energy Solutions Limited on 31 August 2011.

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

7 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Interest payable to group undertakings	<u>60</u>	<u>203</u>

8 Tax on profit/(loss) on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		
Corporation tax credit	(732)	(2,341)
Adjustments in respect of previous periods	<u>(44)</u>	<u>(60)</u>
UK corporation tax	<u>(776)</u>	<u>(2,401)</u>
Deferred tax		
Origination and reversal of timing differences	12	94
Deferred tax adjustment relating to previous years	1	32
Effect of changes in tax rates	35	19
Unwinding of discount	<u>(39)</u>	<u>(17)</u>
Total deferred tax	<u>9</u>	<u>128</u>
Total tax on profit/(loss) on ordinary activities	<u>(767)</u>	<u>(2,273)</u>

A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax from 28% to 26% from 1 April 2011

The Finance Act 2011 was substantively enacted on 5 July 2011 and included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012

In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The corporation tax receivable has been reduced by £776,000 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2010: £2,401,000). Accordingly no tax losses are available for carry forward.

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

Factors affecting current tax credit for the year

The difference between the tax on the profit/(loss) on ordinary activities for the year and the tax assessed on the profit/(loss) on ordinary activities for the year assessed at the effective rate of corporation tax in the UK at 28% (2010 28%) can be explained as follows

	2011 £ 000	2010 £ 000
Profit/(loss) on ordinary activities before taxation	<u>15,934</u>	<u>(8,112)</u>
Corporation tax at standard rate	4,462	(2,271)
Capital allowances in excess of depreciation	(13)	(98)
(Income)/expenses not taxable	(5,181)	28
Adjustment in respect of previous period	<u>(44)</u>	<u>(60)</u>
Total current tax	<u>(776)</u>	<u>(2,401)</u>

9 Tangible assets

	Plant and machinery £ 000	Fixtures and fittings £ 000	Total £ 000
Cost			
At 1 January 2011	423	3,307	3,730
Additions	33	10	43
Disposals	<u>(456)</u>	<u>(3,317)</u>	<u>(3,773)</u>
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2011	423	3,307	3,730
Impairment	33	10	43
Eliminated on disposals	<u>(456)</u>	<u>(3,317)</u>	<u>(3,773)</u>
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>

The fixed asset portfolio at 31 March 2011 was reviewed and an impairment of £43,000 (2010 £79,000) has been recorded in these financial statements, being the additions in the period

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

10 Stocks

	2011 £ 000	2010 £ 000
Raw materials and consumables	-	154

11 Debtors

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings	475	5,861
Deferred tax	-	440
Other debtors	-	93
Prepayments and accrued income	-	136
	<u>475</u>	<u>6,530</u>

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

At 31 December 2010, debtors included £440,000 which was receivable after more than one year

This can be analysed as follows

	2011 £ 000	2010 £ 000
Deferred tax	-	440

Deferred tax

The movement in the deferred tax asset in the year is as follows

	£ 000
At 1 January 2011	440
Deferred tax charged to the profit and loss account	(9)
Transfers out to group undertaking	<u>(431)</u>
At 31 December 2011	<u>-</u>

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

Analysis of deferred tax

	2011 £ 000	2010 £ 000
Difference between accumulated depreciation, amortisation and capital allowances	-	479
Discount	-	(39)
Discounted asset for deferred tax	-	440

The Finance Act 2011 included legislation to reduce the main rate of corporation tax to 25% and reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18%, with effect from 1 April 2012. The deferred tax liability transferred out has been re-measured accordingly.

12 Creditors amounts falling due within one year

	2011 £ 000	2010 £ 000
Trade creditors	-	445
Bank loans and overdrafts	-	78
Amounts owed to group undertakings	475	19,903
Accruals and deferred income	-	2,921
	475	23,347

Amounts owed to group undertakings of £19,828,000 at 31 December 2010 were unsecured and repayable on demand with interest payable at a rate of LIBOR plus 75 basis points per annum. All other amounts were unsecured, interest free and repayable on demand.

At 31 December 2010, accruals and deferred income included deferred income of £354,000 relating to amounts received in advance for the provision of care and protection services.

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

13 Creditors: amounts falling due after more than one year

	2011 £ 000	2010 £ 000
Accruals and deferred income	-	38

At 31 December 2010, accruals and deferred income related to amounts received in advance for the provision of care and protection services

14 Called up share capital

Allotted and fully paid

	2011 No.	2011 £ 000	2010 No.	2010 £ 000
Ordinary shares of £1 each	1	-	1	-

15 Reserves

	Profit and loss account £ 000
At 1 January 2011	(16,701)
Profit for the financial year	16,701
At 31 December 2011	-

16 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
Profit/(loss) attributable to the members of the Company	16,701	(5,839)
Net addition/(reduction) to shareholders' funds	16,701	(5,839)
Shareholders' deficit at 1 January	(16,701)	(10,862)
Shareholders' deficit at 31 December	-	(16,701)

E.ON UK PS Limited
Notes to the Financial Statements for the Year Ended 31 December 2011
(continued)

17 Pension schemes

Prior to 31 August 2011, the Company participated in a funded group pension scheme operated by E.ON UK plc, which is part of an industry wide scheme, the Electricity Supply Pension Scheme. The pension scheme is of the defined benefit type and its assets are held in a separate trustee-administered fund.

The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the appropriateness of the rates. The latest actuarial valuation of the scheme was at 31 March 2010.

Due to the complexity of actuarial calculations and the number of different companies contributing to the scheme, the Company was unable to identify its share of the underlying assets and liabilities in the scheme. Consequently, the Company accounted for the scheme as a defined contribution scheme. The cost of contributions to the scheme in the year amounts to £204,000 (2010: £826,000).

Further details of the scheme are available in E.ON UK plc's consolidated financial statements. Due to a deficit in the scheme, E.ON UK plc made a special contribution of £120 million during January 2012 and expects to make special contributions of £50 million in 2013 and £35 million per annum from 2014 until 2016. None of this cost is expected to be recharged to the Company.

The Company ceased to participate in this pension scheme on 31 August 2011 and its liabilities were apportioned to E.ON UK plc with effect from 1 September 2011.

18 Ultimate parent

The Company is controlled by E.ON UK Energy Services Limited. The ultimate controlling party is E.ON AG, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is E.ON UK plc, the principal UK trading subsidiary of E.ON AG. 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
Düsseldorf
Germany