

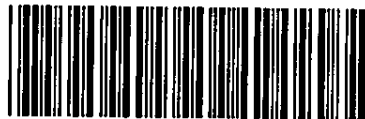
Company number 8045735

# E.ON Project Earth Limited

Directors' Report and Financial Statements

for the Period from 25 April 2012 to 31 December 2012

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## **E.ON Project Earth Limited**

### **Directors' Report for the Period from 25 April 2012 to 31 December 2012**

The directors present their report and the audited financial statements for the period from 25 April 2012 to 31 December 2012

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

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

D A Leiper (appointed 26 April 2012)

M P Woodhead (appointed 26 April 2012 and resigned 31 January 2013)

Gateley Incorporations Limited (appointed 25 April 2012 and resigned 26 April 2012)

M J Ward (appointed 25 April 2012 and resigned 26 April 2012)

The following director was appointed after the period end

R Matthies (appointed 31 January 2013)

#### **Principal activity**

The Company was incorporated on 25 April 2012 to build, install, lease, operate and maintain innovative Geo-Coupled ground source heating and cooling systems. The Company is a 100% owned subsidiary of E.ON Energy Solutions Limited, which is part of the E.ON SE Group.

The systems are leased to a large supermarket chain over a 25 year period and an operation and maintenance service is provided to each location across the full contract term.

#### **Business review**

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

Following incorporation of the Company an initial five Geo-Coupled leased systems were acquired from Greenfield Energy on 17 May 2012. These systems have been leased to a large supermarket chain and, at the time of acquisition, the remaining lease rentals due to the Company covered a period of between 23 to 24.5 years.

The Company and Greenfield Energy have worked together to design, build and install a further four Geo-Coupled ground source heating and cooling systems during 2012. These systems have all been leased to the same supermarket chain over a period of 25 years and they were installed during the last quarter of 2012.

The Company and Greenfield Energy have one further system in progress and this is expected to be installed during the first half of 2013.

##### **2012 results**

The focus in 2012 was to integrate the systems and to transition capability from Greenfield Energy to the Company during the build of the systems for the four new sites.

**E.ON Project Earth Limited**  
**Directors' Report for the Period from 25 April 2012 to 31 December 2012**

***(continued)***

In accordance with UK GAAP, the systems that were acquired and built in 2012 are accounted for as finance lease receivables. Since the lease of the systems is one of the principal activities of the Company, the income arising from the interest unwind of the finance leases is recognised within turnover rather than interest income. Both the level of business during the period and the financial position of the Company at the period end were as expected.

**Future developments**

The Company has a Letter of Intent to install such systems in a further 90 stores across the UK and it is in the process of raising finance to support such a roll out programme.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the E.ON SE consolidated group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of E.ON SE, which include those of the Regional Unit UK division of E.ON SE, which includes the Company, are discussed within the financial review section of the group's annual report which does not form part of this report.

**Key performance indicators ('KPIs')**

The Board of Management of E.ON SE manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Regional Unit UK division of E.ON SE, which includes the Company, is discussed within the financial review section of the group's annual report which does not form part of this report.

**Results and dividends**

The Company's profit for the financial period is £300,000. The directors do not recommend the payment of a final dividend.

**Political donations**

No political donations were made during the period.

**Charitable donations**

No charitable donations were made during the period.

**Going concern**

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from E.ON UK plc, the principal UK trading subsidiary of the E.ON SE Group, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

**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.

**E.ON Project Earth Limited**  
**Directors' Report for the Period from 25 April 2012 to 31 December 2012**

**(continued)**

**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.

Approved by the Board on 15 March 2013 and signed on its behalf by



**R Matthies**  
Director

E.ON Project Earth Limited  
Company No 8045735  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

## **Independent Auditors' Report to the Members of E.ON Project Earth Limited**

We have audited the financial statements of E.ON Project Earth Limited for the period from 25 April 2012 to 31 December 2012, 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 2012 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditors' Report to the Members of**  
**E.ON Project Earth 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     15 March 2013

**E.ON Project Earth Limited**  
**Profit and Loss Account for the Period from 25 April 2012 to 31 December 2012**

	Note	25 April 2012 to 31 December 2012 £ 000
<b>Turnover</b>	2	437
Administrative expenses		<u>(42)</u>
<b>Operating profit</b>	3	<u>395</u>
<b>Profit on ordinary activities before taxation</b>		395
Tax on profit on ordinary activities	4	<u>(95)</u>
<b>Profit for the financial period</b>	10	<u><u>300</u></u>

Operating profit derives wholly from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and the historical cost equivalent

The Company has no recognised gains or losses for the period, 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 13 form an integral part of these financial statements

**E.ON Project Earth Limited**  
**(Company number: 8045735)**  
**Balance Sheet as at 31 December 2012**

	Note	31 December 2012 £ 000
<b>Current assets</b>		
Stocks	5	566
Debtors amounts falling due after more than one year	6	12,318
Debtors amounts falling due within one year	7	765
		<u>13,649</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(13,349)</u>
<b>Net assets</b>		<u><u>300</u></u>
<b>Capital and reserves</b>		
Called up share capital	9	-
Profit and loss account	10	300
<b>Total shareholders' funds</b>	11	<u><u>300</u></u>

Approved by the Board on 15 March 2013 and signed on its behalf by



**R Matthies**  
Director

E ON Project Earth Limited

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



**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**

**1 Accounting policies**

**Basis of preparation**

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

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from E.ON UK plc, the principal UK trading subsidiary of the E.ON SE Group, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the lease income and operation and maintenance of ground source heating and cooling systems to customers. For lease income this includes the interest receivable from finance leases. Rentals under finance leases are allocated between lease income and repayment of capital in each accounting period in such a way that lease income will emerge as a constant rate of return on the net investment in the lease.

**Work in progress**

Work in progress is valued at the lower of cost and net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Inter-company balances**

Inter-company payable and receivable trading balances within the E.ON SE Group are consolidated at each period 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.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, when the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

**Taxation**

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

**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**  
**(continued)**

**Finance leases**

For assets leased out under a finance lease, the present value of the lease payments is recognised as a debtor at the amount of the net investment in the lease

Lease payments receivable are apportioned between repayments of capital and interest so as to give a constant rate of return on the net investment in the lease

**Related party transactions**

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

**2 Turnover**

The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK

**3 Operating profit**

Operating profit is stated after charging

**25 April  
2012 to 31  
December  
2012  
£ 000**

Auditors' remuneration

**15**

There were no employees during the period

The directors received no emoluments from the Company during the period

**4 Tax on profit on ordinary activities**

**25 April  
2012 to 31  
December  
2012  
£ 000**

**Current tax**

Corporation tax charge

**95**

**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**  
**(continued)**

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

There is no difference between the tax on the profit on ordinary activities for the period and the tax assessed on the profit on ordinary activities for the period assessed at the standard rate of corporation tax in the UK at 24%

Legislation was included in the Finance Act 2012 to reduce the main rate of UK corporation tax from 26% to 24%, effective from 1 April 2012 and from 24% to 23% effective from 1 April 2013. A further reduction in the main rate of UK corporation tax to 21%, was announced in the Autumn statement on 5 December 2012 and is expected to be effective from 1 April 2014. This further change has not been substantively enacted at the balance sheet date and, therefore, the impact has not been included in these financial statements.

The corporation tax payable has been reduced by £95,000 because of group relief received from a fellow group undertaking for which a payment will be made.

**5 Stocks**

	31 December 2012 £ 000
Work in progress	<u>566</u>

**6 Debtors: amounts falling due after more than one year**

	31 December 2012 £ 000
Finance lease receivables	<u>12,318</u>

**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**  
**(continued)**

	31 December 2012 £ 000
Net investment in finance leases comprises	
Total amounts receivable	29,690
Less Interest allocated to future periods	<u>(17,200)</u>
	<u>12,490</u>
Finance lease receivables due within one year	172
Finance lease receivables due after one year	<u>12,318</u>
	<u>12,490</u>

Rentals receivable during the period under finance leases amounted to £496,000. The cost of assets acquired during the period for onwads finance leasing was £12,549,000.

**7 Debtors: amounts falling due within one year**

	31 December 2012 £ 000
Trade debtors	225
Finance lease receivables	172
Prepayments and accrued income	368
	<u>765</u>

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

	31 December 2012 £ 000
Amounts owed to group undertakings	11,828
Other taxes and social security	23
Accruals and deferred income	<u>1,498</u>
	<u>13,349</u>

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

**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**  
**(continued)**

**9 Called up share capital**

**Allotted and fully paid**

	<b>31 December 2012</b>	
	<b>No.</b>	<b>£ 000</b>
Ordinary Shares of £1 each	<u>1</u>	<u>-</u>

**10 Reserves**

	<b>Profit and loss account £ 000</b>
Profit for the financial period	<u>300</u>
<b>At 31 December 2012</b>	<u><u>300</u></u>

**11 Reconciliation of movement in shareholders' funds**

	<b>25 April 2012 to 31 December 2012 £ 000</b>
Profit attributable to the members of the Company	<u>300</u>
Net addition to shareholders' funds	<u>300</u>
<b>Shareholders' funds at end of period</b>	<u><u>300</u></u>

**E.ON Project Earth Limited**  
**Notes to the Financial Statements for the Period from 25 April 2012 to 31**  
**December 2012**  
**(continued)**

**12 Commitments**

**Other commitments**

The Company is committed to contracts for the build and install of Geo-Coupled ground source heating and cooling systems. At 31 December 2012, the total contractual commitment for the Company was £766,000.

**13 Ultimate parent**

The Company is controlled by E.ON Energy Solutions Limited. The ultimate controlling party is E.ON SE, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of E.ON SE's financial statements are available from the offices of E.ON SE at the following address:

E.ON SE  
E.ON-Platz 1  
D-40479  
Düsseldorf  
Germany