

Company number: 8045735

E.ON Project Earth Limited

Strategic Report, Directors' Report and Financial Statements
for the Year Ended 31 December 2013

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E.ON Project Earth Limited
Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report of the Company for the year ended 31 December 2013.

Fair review of the business

The Company has acquired and installed a number of geo-coupled ground source heating and cooling systems. These systems have been leased to a large supermarket chain with lease rentals payable to the Company over a period of between 23 to 24.5 years.

The directors believe both the level of business during the year and the financial position of the Company at the year end were satisfactory.

At 31 December 2013, the Company had net assets of £555,000 (2012: net assets of £300,000). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

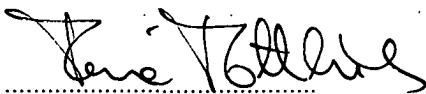
Principal risks and uncertainties

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.

Approved by the Board of Directors on 9 September 2014 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

E.ON Project Earth Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2013.

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

R Matthies (appointed 31 January 2013)

M P Woodhead (resigned 31 January 2013)

Principal activity

The Company builds, installs, leases, operates and maintains innovative geo-coupled ground source heating and cooling systems.

The systems are leased to a large supermarket chain over a period of between 23 to 24.5 years and an operation and maintenance service is provided to each location across the full contract term.

The Company will continue to operate and manage the portfolio over its remaining term.

Financial instruments

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE's group finance guidelines that set out the principles and framework for managing group-wide finances. The Company also utilises the E.ON UK plc operational treasury team which services the treasury requirements of the business. Further information on the E.ON SE group's policies and procedures is available in the financial statements of the E.ON SE group.

Price risk, credit risk, liquidity risk and cash flow risk

The management of risks is undertaken at the E.ON SE 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.

Results and dividends

The Company's profit for the financial year is £255,000 (2012: profit of £300,000). No interim dividends were paid during the year (2012: £nil). The directors do not recommend the payment of a final dividend (2012: £nil).

Political donations

No political donations were made during the year (2012: £nil).

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.

E.ON Project Earth Limited
Directors' Report for the Year Ended 31 December 2013
(continued)

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. This insurance cover was in force during the year and is still in force at the date of approving the Directors' Report.

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

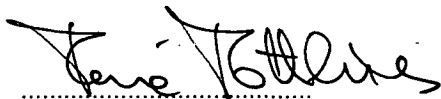
The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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;
- 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 of Directors on 9 September 2014 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

Report on the financial statements

Our Opinion

In our opinion the financial statements, defined below:

- 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by E.ON Project Earth Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 Strategic Report, the Directors' Report and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Independent Auditors' Report to the Members of
E.ON Project Earth Limited
(continued)**

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 ISAs (UK & 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.

Simon Evans

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

Birmingham

Date: 9 September 2014

E.ON Project Earth Limited
Profit and Loss Account for the Year Ended 31 December 2013

		2013 £ 000	25 April 2012 to 31 December 2012 £ 000
Turnover	2	1,242	437
Cost of sales		(75)	-
Gross profit		1,167	437
Administrative expenses		(832)	(42)
Operating profit	3	335	395
Profit on ordinary activities before taxation		335	395
Tax on profit on ordinary activities	4	(80)	(95)
Profit for the financial year/period	10	255	300

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 year/period stated above and the historical cost equivalent.

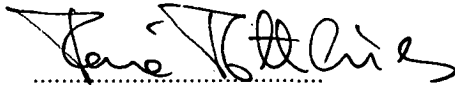
The Company has no recognised gains or losses for the year/period, other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

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 2013

	Note	2013 £ 000	2012 £ 000
Current assets			
Stocks	5	200	566
Debtors: amounts falling due after more than one year	6	12,115	12,318
Debtors: amounts falling due within one year	7	1,278	765
		<u>13,593</u>	<u>13,649</u>
Creditors: amounts falling due within one year	8	<u>(13,038)</u>	<u>(13,349)</u>
Net assets		<u>555</u>	<u>300</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	555	300
Total shareholders' funds	11	<u>555</u>	<u>300</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 9 September 2014 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 Year Ended 31 December 2013

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 year/period is based on the profits on ordinary activities for the year/period.

E.ON Project Earth Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

(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:

	2013	25 April
	2012	2012 to 31
	£ 000	December
		2012
		£ 000
Write down of stocks	479	-
Auditors' remuneration	15	15

There were no employees during the year (2012: none).

The directors received no emoluments from the Company during the year (2012: £nil).

One development is unlikely to be developed further and its work in progress stock value has been written down to its estimated recoverable amount. This led to a write-down of £479,000 (2012: £nil) which has been included in administrative expenses.

E.ON Project Earth Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
(continued)

4 Tax on profit on ordinary activities

	2013 £ 000	25 April 2012 to 31 December 2012 £ 000
Current tax		
Corporation tax charge	78	95
Adjustment in respect of prior period	2	-
UK corporation tax	<u>80</u>	<u>95</u>

Factors affecting current tax charge for the year/period

The difference between the tax on the profit on ordinary activities for the year/period and the tax assessed on the profit on ordinary activities for the year/period assessed at the effective rate of corporation tax in the UK at 23.25% (2012: 24%) can be explained as follows:

	Year ended 31 December 2013 £ 000	25 April 2012 to 31 December 2012 £ 000
Profit on ordinary activities before taxation	335	395
Corporation tax at effective rate	78	95
Adjustment in respect of prior period	2	-
Total current tax	<u>80</u>	<u>95</u>

During the year the main rate of UK corporation tax was reduced to 23% effective from 1 April 2013. Legislation was included in the Finance Act 2013 to reduce the corporation tax rate from 23% to 21% effective from 1 April 2014 and from 21% to 20% effective from 1 April 2015.

The corporation tax payable has been reduced by £80,000 because of group relief received from a fellow group undertaking for which a payment will be made (2012: £95,000).

5 Stocks

	2013 £ 000	2012 £ 000
Work in progress	<u>200</u>	<u>566</u>

E.ON Project Earth Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
(continued)

6 Debtors: amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Finance lease receivables	<u>12,115</u>	<u>12,318</u>
	2013 £ 000	2012 £ 000
Net investment in finance leases comprises:		
Total amounts receivable	28,358	29,690
Less: Interest allocated to future periods	<u>(16,040)</u>	<u>(17,200)</u>
	<u>12,318</u>	<u>12,490</u>
Finance lease receivables due within one year	203	172
Finance lease receivables due after one year	<u>12,115</u>	<u>12,318</u>
	<u>12,318</u>	<u>12,490</u>

Rentals receivable during the year under finance leases amounted to £1,331,000 (2012: £496,000).
The cost of assets acquired during the year for onwards finance leasing was £nil (2012: £12,549,000).

7 Debtors: amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade debtors	568	225
Finance lease receivables (note 6)	203	172
Prepayments and accrued income	507	368
	<u>1,278</u>	<u>765</u>

E.ON Project Earth Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
(continued)

8 Creditors: amounts falling due within one year

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings	12,366	11,828
Other taxes and social security	69	23
Accruals and deferred income	603	1,498
	<u>13,038</u>	<u>13,349</u>

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

9 Called up share capital

Allotted and fully paid

	2013		2012	
	No.	£ 000	No.	£ 000
Ordinary Shares of £1	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

10 Reserves

	Profit and loss account £ 000
At 1 January 2013	300
Profit for the financial year	<u>255</u>
At 31 December 2013	<u>555</u>

E.ON Project Earth Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
(continued)

11 Reconciliation of movement in shareholders' funds

	Year ended 31 December 2013 £ 000	25 April 2012 to 31 December 2012 £ 000
Profit attributable to the members of the Company	<u>255</u>	<u>300</u>
Net addition to shareholders' funds	255	300
Shareholders' funds at start of year/period	<u>300</u>	<u>-</u>
Shareholders' funds at end of year/period	<u>555</u>	<u>300</u>

12 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