

Green Sky Energy Limited

Report and Financial Statements

31 December 2013

Registered No. 07023717

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COMPANIES HOUSE

Directors

T S Oldfield
I F Kelly
P M Middlebrook
P Baan
M Herold
R Hienz

Secretary

T S Oldfield

Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

HSBC Bank plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Registered Office

Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Registered No. 07023717

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013. The directors have not presented a strategic report on the basis the company is entitled to the small companies exemption set out in The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Directors

The directors who served the company during the year were as follows:

T S Oldfield
I F Kelly
P M Middlebrook
R Hienz (appointed 4 December 2013)
M Herold (appointed 4 December 2013)
P Baan (appointed 4 December 2013)
S Daniels (resigned 4 October 2013)
J Bell (resigned 4 October 2013)
C J Thomas (resigned 4 October 2013)
M J Draper (resigned 4 October 2013)

Principal activity

The principal activity of the company in the year under review was that of a holding company for a group of companies involved in the provision of energy management services.

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 satisfactory. In October 2013 the company was acquired by E.ON Connecting Energies GmbH. By becoming part of the E.ON group significant additional opportunities for business growth have become available and the directors expect the company and its subsidiaries to make continued progress in strengthening their combined position as the UK's leading energy management business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company and its subsidiaries relate primarily to the extent to which UK corporates are prepared to take seriously the need to focus on energy efficiency. This is, in part, impacted by government policy and legislation in this area. There is also a degree of risk associated with execution of the company's subsidiaries' major contracts, a number of which contain performance guarantees. The management of risks is undertaken at E.ON SE 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 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 E.ON Connecting Energies 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 loss for the year after taxation amounted to £3,649,611 (2012 – £2,134,776). The directors do not recommend a final dividend (2012 – £nil).

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP resigned as auditors to the company on 8 October 2013 and were replaced by PricewaterhouseCoopers LLP. A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

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 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 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;
- 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.

On behalf of the Board



T S Oldfield
Director
11 July 2014

Independent auditors' report to the members of Green Sky Energy 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 loss 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 Green Sky Energy Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account and statement of total recognised gains and losses 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 Report and Financial Statements (the "Annual Report") 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.

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 Green Sky Energy Limited (continued)

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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, 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.



Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
14 July 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover		-	-
Administrative expenses		1,512,296	801,572
		(1,512,296)	(801,572)
Other operating income		-	903,492
Operating (loss)/profit	2	(1,512,296)	101,920
Income from shares in group undertakings		-	66,273
Interest receivable and similar income		6,234	4,101
		6,234	70,374
		(1,506,062)	172,294
Interest payable and similar charges	4	2,143,549	2,307,070
Loss on ordinary activities before taxation		(3,649,611)	(2,134,776)
Tax	5	-	-
Loss for the financial year	14	(3,649,611)	(2,134,776)

All amounts relate to continuing activities. There is no difference between the loss on ordinary activities before taxation and the losses for the financial periods stated above and their historical cost equivalents.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £3,649,611 in the year ended 31 December 2013 (2012 – £2,134,776).

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	6	-	235,097
Investments	7	36,491,452	36,491,452
		<u>36,491,452</u>	<u>36,726,549</u>
Current assets			
Debtors	8	-	1,723,227
Cash at bank and in hand		456,416	1,255,207
		<u>456,416</u>	<u>2,978,434</u>
Creditors: amounts falling due within one year	9	(3,810,313)	(5,705,712)
Net current liabilities		<u>(3,353,897)</u>	<u>(2,727,278)</u>
Total assets less current liabilities		33,137,555	33,999,271
Creditors: amounts falling due after more than one year	10	(29,905,591)	(27,807,416)
Net assets		<u>3,231,964</u>	<u>6,191,855</u>
Capital and reserves			
Called up share capital	12	389,562	389,562
Share premium	14	529,364	529,364
Profit and loss account	14	<u>2,313,038</u>	<u>5,272,929</u>
Shareholders' funds	15	<u>3,231,964</u>	<u>6,191,855</u>

The financial statements were approved and authorized for issue by the board and signed on its behalf on 11 July 2014.



T S Oldfield

Director

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Investments

Investments are stated at cost unless, in the opinion of the directors, there has been an impairment, in which case an appropriate adjustment is made.

Group financial statements

The company is exempt from preparing group financial statements under section 400 of the Companies Act 2006 on the basis it is part of the E.ON group for which audited group financial statements are prepared. The company is also exempt from preparing a cashflow statement as 100% of the voting rights are held within the E.ON SE group.

Debt arrangement fees

Arrangement fees associated with the raising of debt finance are amortised on a straight-line basis over the period of the related finance agreements.

Share based payments

The fair value of share plans is recognised as an expense in the profit and loss account over their expected vesting periods. The fair value of share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award. Non-market based vesting conditions are taken into account in estimating the number of awards that are likely to vest; these estimates are reviewed regularly and the expense charge adjusted accordingly.

2. Operating (loss)/profit

This is stated after charging:

	2013	2012
	£	£
Share based payments charge (note 13)	689,720	-

3. Directors' remuneration

	2013	2012
	£	£
Remuneration	501,421	500,313
Directors' pension contributions to money purchase schemes	86,690	83,747

The number of directors to whom retirement benefits were accruing was as follows:

	No.	No.
Money purchase schemes	4	4

Two directors exercised share options during the year (2012: none).

Notes to the financial statements

at 31 December 2013

Directors' remuneration (continued)

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Remuneration	141,835	142,103
Pension contributions to money purchase schemes	29,069	29,069

During the year £23,707 (2012 – £29,461) was paid to The Moorings Consultancy Limited in respect of consultancy fees and expenses relating to services provided by C J Thomas, a director. Other than the directors, the company had no employees during the two years ended 31 December 2013.

4. Interest payable and similar charges

	2013	2012
	£	£
Bank loan interest	294,366	536,449
Debt arrangement fees amortisation	235,097	84,903
Inter-company loan interest	323,174	-
Loan note interest	1,177,321	1,556,156
Interest rate hedging charge	3,462	16,119
Bank charges	110,129	113,443
	<u>2,143,549</u>	<u>2,307,070</u>

5. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013	2012
	£	£
<i>Current tax:</i>		
UK corporation tax on the profit for the period	-	-
Adjustments in respect of previous periods	-	-
Tax on profit on ordinary activities (note 5(b))	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2013

Tax (continued)

Factors affecting tax charge for the year

The tax charge for the period differs from the standard rate of corporation tax in the UK of 23.25% (31 December 2012 – 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	<u>(3,649,611)</u>	<u>(2,134,776)</u>
Tax on loss at standard UK tax rate of 23.25% (31 December 2012: 24.5%)	(848,535)	(523,020)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	174,905	208,047
Movement in short-term timing differences	28	(977)
Group relief not paid for	<u>673,602</u>	<u>315,950</u>
Current tax charge/(credit) for the year (note 5(a))	<u>-</u>	<u>-</u>

During the year the main rate of UK corporation tax was reduced to 23% effective from 1 April 2013.

Legislation was included in 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.

6. Intangible fixed assets

	<i>Debt arrangement fees</i> £
Cost:	
At 1 January 2013 and 31 December 2013	900,006
Amortisation:	
At 1 January 2013	664,909
Amortisation for year	<u>235,097</u>
At 31 December 2013	<u>900,006</u>
Net book value:	
At 31 December 2013	-
At 1 January 2013	<u>235,097</u>

Notes to the financial statements

at 31 December 2013

7. Investments

*Shares in
group
undertaking
£*

Cost:

At 1 January 2013 and 31 December 2013

36,491,452

All investments were incorporated in the United Kingdom. The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Matrix Control Solutions Limited

Nature of business: Energy management services

%

Class of shares:

holding

Ordinary shares

100.00

2013

2012

£

£

Aggregate capital and reserves

11,114,052

6,871,482

Profit for the year

4,242,570

5,129,432

Acme Technical Services Limited

Nature of business: Install and maintain building control systems

%

Class of shares:

holding

Ordinary shares

100.00

2013

2012

£

£

Aggregate capital and reserves

1,594,190

1,218,441

Profit for the period

375,749

437,613

Notes to the financial statements

at 31 December 2013

Investments (continued)

Acme Group Limited

Nature of business: Parent undertaking

	%	
Class of shares:	holding	
Ordinary shares	100.00	
	<i>2013</i>	<i>2012</i>
	£	£
Aggregate capital and reserves	5,078	5,078
Profit for the period	<u>-</u>	<u>4,876</u>

Acme Group Services Limited

Nature of business: Dormant company

	%	
Class of shares:	holding	
Ordinary shares	100.00	
	<i>2013</i>	<i>2012</i>
	£	£
Aggregate capital and reserves	284,304	284,304
Profit / (loss) for the period	<u>-</u>	<u>(1,947)</u>

Acme Controls Limited

Nature of business: Dormant company

	%	
Class of shares:	holding	
Ordinary shares	100.00	
	<i>2013</i>	<i>2012</i>
	£	£
Aggregate capital and reserves	350,334	350,334
Profit for the period	<u>-</u>	<u>83,686</u>

Notes to the financial statements

at 31 December 2013

Investments (continued)

Acme Technical Services (SW) Limited

Nature of business: Dormant company

	%	
Class of shares:	holding	
Ordinary shares	100.00	
	2013	2012
	£	£
Aggregate capital and reserves	204,702	204,702
Profit for the period	-	24,054

Green Sky Energy Limited is the beneficial owner of all the equity share capital, either itself or through subsidiaries, of the above companies.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

8. Debtors

	2013	2012
	£	£
Amounts owed by group undertakings	-	1,709,541
VAT	-	7,776
Prepayments	-	5,910
	-	1,723,227

9. Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts (note 11)	-	1,400,000
Other loans (note 11)	-	653,875
Trade creditors	24,465	50,779
Amounts owed to group undertakings	3,407,194	999,000
Other taxes and social security	373,631	20,947
Other creditors	3,662	404,012
Accruals and deferred income	1,361	2,177,099
	3,810,313	5,705,712

Post year end the directors of Matrix Control Solutions Limited and Acme Technical Services Limited have confirmed that the amounts owed by Green Sky Energy Limited will not be recalled within 12 months of the signing of these financial statements.

Notes to the financial statements

at 31 December 2013

10. Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings (note 11)	29,905,591	-
Bank loans (note 11)	-	8,600,000
Other loans (note 11)	-	17,862,764
Accruals and deferred income	-	1,344,652
	<u>29,905,591</u>	<u>27,807,416</u>

11. Loans

An analysis of the maturity of loans is given below:

	2013 £	2012 £
Amounts falling due within one year or on demand:		
Bank loans	-	1,400,000
Loan notes – Bank guaranteed	-	653,875
	<u>-</u>	<u>2,053,875</u>
Amounts falling due between one and two years:		
Bank loans	-	1,400,000
Loan notes – Bank guaranteed	-	326,934
	<u>-</u>	<u>1,726,934</u>
Amounts falling due between two and five years:		
Bank loans	-	7,200,000
Loan notes – Series A	-	11,529,175
Loan notes – Series B	-	6,006,655
Amounts owed to group undertakings	<u>29,905,591</u>	<u>-</u>
	<u>29,905,591</u>	<u>24,735,830</u>

Amounts owed to group undertakings included in amounts falling due after more than one year relate to an inter-company loan agreement with E.ON UK Holding Company Limited. The loan agreement has a termination date of 14 December 2018 and interest is charged on amounts outstanding at LIBOR plus 3.75%.

Notes to the financial statements

at 31 December 2013

12. Issued share capital

		2013		2012	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No.</i>	<i>£</i>	
Ordinary shares £1 each	389,562	389,562	-	-	
Ordinary shares – Class A 50p each	-	-	163,044	81,522	
Ordinary shares – Class B 50p each	-	-	36,956	18,478	
Ordinary shares – Class C £1 each	-	-	128,956	128,956	
Ordinary shares – Class D £1 each	-	-	6,791	6,791	
Ordinary shares – Class E £1 each	-	-	77,377	77,377	
Ordinary shares – Class F £1 each	-	-	55,033	55,033	
A1 Ordinary shares 1p each	-	-	40,144	401	
C1 Ordinary shares £1 each	-	-	21,000	21,000	
Ordinary Preferred £1 each	-	-	1	1	
A Deferred shares 0.001p each	-	-	294,192	3	
		<u>389,562</u>		<u>389,562</u>	

On 4 October 2013, all classes of shares were consolidated into 389,562 ordinary shares of £1 each.

Subject to various provisions in the company's Articles of Association, the ordinary shares carry the right to receive notice of and to attend, speak and vote at all general meetings of the company.

14. Share based payments

A reconciliation of option movements over the year to 31 December 2013 is shown below:

	2013	
	<i>Number</i>	<i>Weighted average exercise price</i>
		<i>£</i>
Outstanding at 1 January 2013	-	-
Granted	7,371	94.57
Exercised	(7,371)	94.57
At 31 December 2013	<u>-</u>	<u>-</u>

The weighted average fair value of options granted in the year was £689,720. The weighted average share price during the period was for options exercised over the year was £94.57. The total charge for the year relating to employee share-based payment plans was £689,720 (2012: nil), all of which related to equity-settled share-based payment transactions.

Notes to the financial statements

at 31 December 2013

15. Movements on reserves

	<i>Share premium</i>	<i>Profit and loss account</i>
	£	£
At 1 January 2013	529,364	5,272,929
Share based payments	-	689,720
Loss for the year	-	(3,649,611)
At 31 December 2013	<u>529,364</u>	<u>2,313,038</u>

16. Reconciliation of shareholders' funds

	<i>2013</i>	<i>2012</i>
	£	£
Loss for the year	(3,649,611)	(2,134,776)
Share based payments	<u>689,720</u>	-
Net change in shareholders' funds	(2,959,891)	-
Opening shareholders' funds	<u>6,191,855</u>	<u>8,326,631</u>
Closing shareholders' funds	<u>3,231,964</u>	<u>6,191,855</u>

17. Secured debts

The following secured debts are included within creditors:

	<i>2013</i>	<i>2012</i>
	£	£
Bank loans	<u>-</u>	<u>10,000,000</u>

Bank borrowings were secured in favour of HSBC Bank plc by way of debentures over the assets of Green Sky Energy Limited and each of its subsidiary companies.

18. Related party transactions

The company has taken advantage of the exemption contained within FRS8 and has not disclosed transactions with other Group companies.

19. Ultimate parent undertaking and controlling party

The company is controlled by E.ON Connecting Energies GmbH. The ultimate controlling party is E.ON SE. 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, Dusseldorf, Germany.