

# ABB Combined Heat and Power Limited

Report and Financial Statements

31 December 2012

Registered Number. 3230015



## **ABB Combined Heat and Power Limited**

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**Registered No. 3230015**

**DIRECTORS**

TJ Gregory  
W McLaughlin

**SECRETARY**

D Benn

**AUDITORS**

Ernst & Young LLP  
No 1 Colmore Square  
Birmingham  
B4 6HQ

**BANKERS**

HSBC Bank plc  
City of London Branch  
60 Queen Victoria Street  
London  
EC4N 4TR

**REGISTERED OFFICE**

Daresbury Park  
Daresbury  
Warrington  
WA4 4BT

## **ABB Combined Heat and Power Limited**

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**Registered No. 3230015**

### **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2012

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 9. The loss for the year after taxation amounted to £111,000 (2011: loss £2,429,000).

The directors do not recommend payment of a dividend (2011: £NIL).

### **PRINCIPAL ACTIVITIES**

The Company is a member of the ABB Group and is owned by ABB Holdings Limited, the UK holding company.

The principal activities of the Company are the servicing and maintenance of combined heat and power packages.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

During the year the company has continued to execute its remaining contracts. No new supply contracts are being entered into.

### **RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the Company in the UK are in the areas of operational delivery, safety and finance.

The Management team operates a comprehensive risk review process to address all commercial, delivery and financial aspects of projects in execution. It also specifically monitors and reviews all aspects of health and safety on a monthly basis. Extensive training of all staff is undertaken to reduce the risk of failure to comply with best practice or legislative standards which could have a material impact on the Company's licence to operate.

Financial risks are addressed as part of a stringent process of budgeting and forecasting. A rolling forecast of cash flows is maintained and the shortfall is supported by a credit facility with the Company's shareholder.

Management regularly reviews the performance and operational hours of the plant and machinery used in customer contracts, which may give rise to varying requirements for service, repair and overhaul.

### **GOING CONCERN**

The financial statements have been prepared on a going concern basis because the directors have received confirmation from a fellow subsidiary of its intention to provide financial support to enable the company to continue operating and meet its liabilities as they fall due.

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**ABB Combined Heat and Power Limited**

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**Registered No. 3230015**

**DIRECTORS' REPORT continued**

**DIRECTORS AND THEIR INTERESTS**

The Directors who served during the year and subsequently were

TJ Gregory  
W McLaughlin

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has granted indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**EMPLOYEES**

The Company has the policy of providing employees with relevant information about the company and the group. This has been achieved through various publications circulated throughout the group, the regular distribution of notices and regular meetings of consultative committees. Employees are encouraged to invest in the group through participation in share option schemes.

It is the company's policy to give full and fair consideration to disabled applicants in recruitment, training and career development and whenever possible to continue the employment of and arrange appropriate facilities for employees who became disabled whilst employed.

**HEALTH AND SAFETY**

The directors give special attention to the health and safety of their employees. The group's policy is supported by a detailed safety manual, the relevant parts of which are provided to all supervisory staff.

**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.

**ABB Combined Heat and Power Limited**

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**Registered No. 3230015**

**DIRECTORS' REPORT continued**

**AUDITORS**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the board



**David Benn**  
**Secretary**

Dated 26 September 2013

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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 those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 to 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.

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABB COMBINED HEAT AND POWER LIMITED**

We have audited the financial statements of ABB Combined Heat and Power Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of directors and auditors***

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### ***Scope of the audit of the financial statements***

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 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 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 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.

### ***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.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABB COMBINED  
HEAT AND POWER 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

Ernst & Young LLP

**Susan Broughton (Senior statutory auditor)**

*for and on behalf of Ernst & Young LLP, Statutory Auditor*

*Birmingham*

*Date 30<sup>th</sup> September 2013.*



**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2012

	<i>Notes</i>	<i>2012 £'000</i>	<i>2011 £'000</i>
<b>TURNOVER</b>	2	740	1,696
Cost of sales		<u>(769)</u>	<u>(4,103)</u>
<b>GROSS PROFIT / (LOSS)</b>		(29)	(2,407)
Net operating expenses		<u>(35)</u>	<u>(38)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>	3	(64)	(2,445)
Interest receivable		3	-
Interest payable and similar charges	4	<u>(268)</u>	<u>(81)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(329)	(2,526)
Tax on loss on ordinary activities	6	<u>218</u>	<u>97</u>
<b>RETAINED LOSS FOR THE YEAR</b>	12	<u>(111)</u>	<u>(2,429)</u>

All turnover and operating profit is from continuing operations

There are no recognised gains or losses other than the loss for the year of £111,000  
(2011 loss £2,429,000)

**BALANCE SHEET**

at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible Assets		-	-
<b>CURRENT ASSETS</b>			
Stocks and work in progress	7	13	41
Debtors	8	623	487
		<u>636</u>	<u>528</u>
<b>CREDITORS</b> amounts falling due within one year	9	(16,422)	(16,124)
<b>NET CURRENT LIABILITIES</b>		<u>(15,786)</u>	<u>(15,596)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(15,786)	(15,596)
<b>PROVISIONS FOR LIABILITIES</b>	10	(2,267)	(2,346)
<b>NET LIABILITIES</b>		<u>(18,053)</u>	<u>(17,942)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	43,474	43,474
Profit and loss account	12	(61,527)	(61,416)
<b>EQUITY SHAREHOLDER'S DEFICIT</b>	12	<u>(18,053)</u>	<u>(17,942)</u>

These financial statements were approved on behalf of the Board on the date shown below

  
 William McLaughlin, Director

Dated 26/9/13

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## **ABB Combined Heat and Power Limited**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2012**

#### **1. ACCOUNTING POLICIES**

##### ***Accounting convention***

The accounts have been prepared under the historical cost convention in accordance with applicable UK accounting standards

The financial statements were approved by the Board of Directors on 26 September 2013

##### ***Fundamental accounting concept***

The financial statements of the company have been prepared on a going concern basis because the directors have received confirmation from a fellow subsidiary of its intention to provide financial support to enable the company to continue operating and meet its liabilities as they fall due

##### ***Cash Flow statement***

A statement of cash flows in accordance with FRS1 (revised) has not been prepared, as the Company is a wholly owned subsidiary of ABB Holdings Limited, which in turn is a wholly owned subsidiary of ABB Ltd incorporated in Switzerland and which prepares a cash flow within its consolidated accounts

##### ***Stocks***

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads

The difference between purchase price or production cost of stocks and their replacement cost is not material

##### ***Revenue Recognition***

Rentals received under operating leases are credited to turnover on a straight line basis over the term of the lease Revenue received under service agreements is recognised as it is invoiced

##### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions except where forward currency contracts have been used to reduce exposure to foreign exchanges rates, in which case the rate in the forward contract is used Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2012**

**1. ACCOUNTING POLICIES (continued)**

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

***Operating lease rentals***

Rentals paid under operating leases are charged to expenses on a straight-line basis over the term of the lease.

***Pensions***

Some pension benefits are provided by a Group defined benefit scheme. Contributions to this scheme are charged to the profit and loss account as they are incurred, based upon pension costs across the Group as a whole.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. TURNOVER**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax. All turnover originates in the UK.

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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****3. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION**

This is stated after charging / (crediting)

	2012 £'000	2011 £'000
Auditors remuneration for audit services	14	14
Impairment of fixed assets	-	118
Operating lease rentals – Land and Buildings	-	55
Operating lease rentals – Other	26	16
Operating lease rentals received	(79)	(592)
	<hr/>	<hr/>

**4. INTEREST PAYABLE**

	2012 £'000	2011 £'000
Interest payable to group undertakings	<hr/> 268	<hr/> 81

**5. DIRECTORS' REMUNERATION AND STAFF COSTS**

<i>Staff costs</i>	2012 £'000	2011 £'000
Wages and salaries	313	504
Social security costs	37	68
Other pension costs	22	40
	<hr/> 372	<hr/> 612

The average monthly number of employees during the year was 5 (2011 10)

	2012	2011
Administration	1	1
Service	<hr/> 4	<hr/> 9

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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****5. DIRECTORS' REMUNERATION AND STAFF COSTS (continued)**

<i>Directors' Remuneration</i>	<i>2012</i> <i>£'000</i>	<i>2011</i> <i>£'000</i>
Emoluments (excluding pension contributions)	34	34
Company contribution paid to money purchase pension scheme	<u>-</u>	<u>-</u>
Number of Directors accruing benefits under		
Defined benefit schemes	-	-
Money purchase schemes	<u>-</u>	<u>-</u>
Highest Paid Director		
▪ Emoluments	21	19
Company contributions to money purchase pension schemes	<u>-</u>	<u>-</u>

The services of Mr TJ Gregory and Mr W McLaughlin as directors of the company are allocated to the company as 5% of the total emoluments received as directors of ABB Limited. Total emoluments and related pension contributions are disclosed in the statutory accounts of and borne in their entirety by ABB Limited.

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax credit is made up as follows	<i>2012</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>
UK Corporation tax	(99)	(93)
Tax over provided in previous years	<u>(119)</u>	<u>(4)</u>
Total current tax	<u>(218)</u>	<u>(97)</u>
Tax on loss on ordinary activities	<u>(218)</u>	<u>(97)</u>

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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)****Factors affecting current tax credit**

The tax disclosed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are reconciled below

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	<u>(329)</u>	<u>(2,526)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(81)	(669)
Excess capital allowances over depreciation	(18)	(27)
Impairment provision on fixed assets – non deductible	-	31
Other timing differences	-	(387)
Unrelieved tax losses for year carried forward	-	959
Tax over provided in previous years	<u>(119)</u>	<u>(4)</u>
Total current tax credit	<u>(218)</u>	<u>(97)</u>

The company has tax trading losses arising and carried forward in the UK of £49,704,000 (2011: £50,137,000) which are available indefinitely for offset against future taxable profits of the businesses in which the losses originally arose

The company has future tax deductions in the UK of £336,000 (2011: £412,000) relating to decelerated capital and future tax deductions of £NIL (2011: £NIL) relating to other timing differences

Deferred tax assets have not been recognised in respect of the net future deductions available as there is insufficient evidence that this asset would be recoverable

The deferred tax assets not recognised as detailed above are	2012 £'000	2011 £'000
Tax losses	11,432	12,534
Decelerated capital allowances	<u>77</u>	<u>103</u>
	<u>11,509</u>	<u>12,637</u>

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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

In his budgets of 23 March 2011, 21 March 2012 and 20 March 2013, the Chancellor of the Exchequer proposed decreases in the rate of the UK corporation taxation from 28% to 20%, falling by 2% in both 2011 and 2012 with further reductions of 1% in 2013, 2% in 2014 and 1% in 2015 to reach a rate of 20% effective 1 April 2015. On 17 July 2012, the reduced taxation rate of 23% effective 1 April 2013 was enacted and, in accordance with accounting standards, this has been reflected in the unrecognised deferred taxation asset disclosure above.

As the further reductions to 20% were not substantively enacted at the balance sheet date, these are not reflected in these financial statements. The estimated effect of all further proposed reductions in rate by 2015 and the changes to the capital allowances regime, would be to decrease the unrecognised deferred tax asset by £1,501,000.

**7. STOCKS AND WORK IN PROGRESS**

	2012 £'000	2011 £'000
Work in progress	13	41
	<u>13</u>	<u>41</u>

**8. DEBTORS***Amounts falling due within one year*

	2012 £'000	2011 £'000
Trade debtors	67	180
Other debtors	353	210
Corporation tax – Group relief receivable	201	97
Prepayments	2	-
	<u>623</u>	<u>487</u>



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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****9 CREDITORS***Amounts falling due within one year*

	2012 £'000	2011 £'000
Loan from group undertaking	1,000	1,000
Amounts due to group undertakings	15,104	14,774
Trade creditors	246	281
Other taxation and social security costs	18	30
Other creditors	15	-
Accruals and other liabilities	39	39
	<u>16,422</u>	<u>16,124</u>

The loan from group undertaking of £1,000,000 (2011 £1,000,000) is interest free and is renewable annually

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**ABB Combined Heat and Power Limited**

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**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2012****10. PROVISIONS FOR LIABILITIES**

	<i>Loss making contracts £000</i>
At 1 January 2012	2,346
Additions in the year	260
Utilised in the year	(339)
At 31 December 2012	<u>2,267</u>

The loss making contract provision relates to the total forecast future losses on existing maintenance contracts. The increased provision relates to contracts previously anticipated to be terminated in 2012 now expected to run to expiry in 2018.

All provisions are expected to be utilised over the life of the contracts to which they relate, which have termination dates ranging from 2012 to 2018.

**11. SHARE CAPITAL**

	<i>No '000</i>	<i>2012 £'000</i>	<i>No '000</i>	<i>2011 £'000</i>
Authorised Ordinary shares of £1 each	<u>46,474</u>	<u>46,474</u>	<u>46,474</u>	<u>46,474</u>
Allotted called up and fully paid Ordinary shares of £1 each	<u>43,474</u>	<u>43,474</u>	<u>43,474</u>	<u>43,474</u>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT**

	<i>Share Capital £'000</i>	<i>Profit &amp; Loss Account £'000</i>	<i>Total £'000</i>
As at 1 January 2011	43,474	(58,987)	(15,513)
Loss for the year	-	(2,429)	(2,429)
As at 31 December 2011	<u>43,474</u>	<u>(61,416)</u>	<u>(17,942)</u>
Loss for the year	-	(111)	(111)
As at 31 December 2012	<u>43,474</u>	<u>(61,527)</u>	<u>(18,053)</u>

## ABB Combined Heat and Power Limited

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### NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2012

#### 13. PENSIONS COMMITMENTS

Pension benefits are provided by a Group defined benefit pension scheme, which is funded externally under the supervision of a board of trustees

Contributions to this scheme are charged to the profit and loss account as they are incurred, based upon pension costs across the Group as a whole. Total annual contributions to the scheme are based on independent actuarial advice, and are gauged to the future pension liabilities (including projected increases in earnings and pensions) in respect of the service up to the balance sheet date

All actuarial variances and differences in amounts funded are accounted for in the accounts of a fellow subsidiary ABB Limited

It is not possible to identify the company's share of the underlying assets and liabilities of the pension scheme. The company therefore accounts for its pensions contributions to the scheme on a defined contribution basis as permitted by FRS17. The net deficit on the ABB Limited scheme as at 31 December 2012 is £93,715,000 (2011: 21,620,000)

Total pension contributions of £22,000 (2011: £40,000) were made during the year of which £1,000 (2011: £3,000) remained unpaid at the year end

#### 15. FINANCIAL COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012 <i>Land &amp; Buildings</i>	2012 <i>Other</i>	2011 <i>Land &amp; Buildings</i>	2011 <i>Other</i>
Operating Leases which expire < 1 year	-	-	-	11
Operating leases which expire > 2 years to 5 years	-	-	-	3
Operating leases which expire after 5 years	-	-	-	-

#### 16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in paragraph 3(c) of FRS8 from disclosing transactions with other wholly owned related parties that are part of the ABB Ltd group

#### 17. ULTIMATE HOLDING COMPANY

The immediate parent undertaking is ABB Holdings Limited. The ultimate holding company is ABB Ltd, a company incorporated in Switzerland. This is the largest group in which ABB Combined Heat and Power Limited is consolidated. A copy of the accounts can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland