

ABB Combined Heat and Power Limited

Report and Financial Statements

31 December 2016

Registered Number 3230015

SATURDAY



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COMPANIES HOUSE

ABB Combined Heat and Power Limited

Registered No. 3230015

DIRECTORS

IG Funnell
LM Andersson

SECRETARY

Victoria Mac Lean

AUDITOR

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

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The results for the year are set out on page 7. The loss for the year after taxation amounted to £88,000 (2015: £55,000).

The Directors do not recommend payment of a dividend (2015: £nil).

PRINCIPAL ACTIVITIES

The Company is a member of the ABB Group and is wholly 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.

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 to meet its liabilities as they fall due for a minimum of twelve months from the date of signature of these Financial Statements.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and subsequently were

TJ Gregory (resigned 31 December 2016)

IG Funnell

LM Andersson

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.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO THE AUDITOR

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 the Company's auditor, the Directors have taken all the steps that they are obliged to take as a Director in order to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

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

SMALL COMPANY EXEMPTION

In preparing this report the Directors have taken advantage of the provisions of the Companies Act 2006 (Amendment) (Accounts and Reports Regulations 2008) relating to small entities.



Victoria Mac Lean
Company Secretary

Date 14 August 2017

ABB Combined Heat and Power Limited

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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

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.

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 2016 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 15. 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) including FRS 101 "Reduced Disclosure Framework".

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 THE AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Reports and 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.

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 2016 and of its loss for the year then ended;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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; or
- the Directors were not entitled to take advantage of the small companies' exemption in not preparing a Strategic Report, and taking advantage of the small companies' exemption in preparing the Director's Report



Nigel Meredith (Senior statutory auditor)

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

Birmingham

Date 15 August 2017

STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December 2016**

| | <i>Notes</i> | <i>2016 £'000</i> | <i>2015 £'000</i> |
|---|--------------|-----------------------|-----------------------|
| TURNOVER | 3 | 672 | 697 |
| Cost of sales | | <u>(585)</u> | <u>(555)</u> |
| GROSS PROFIT | | 87 | 142 |
| Net operating expenses | | <u>(6)</u> | <u>(10)</u> |
| PROFIT BEFORE INTEREST AND TAXATION | 4 | 81 | 132 |
| Interest payable | 5 | <u>(200)</u> | <u>(211)</u> |
| LOSS BEFORE TAXATION | | (119) | (79) |
| Tax on loss | 7 | <u>31</u> | <u>24</u> |
| LOSS FOR THE FINANCIAL YEAR AFTER TAXATION | | (88) | (55) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR | | <u>(88)</u> | <u>(55)</u> |

All turnover and operating loss is from continuing operations.

BALANCE SHEET
at 31 December 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|-----------------|-----------------|
| CURRENT ASSETS | | | |
| Debtors | 8 | 288 | 226 |
| | | <u>288</u> | <u>226</u> |
| CREDITORS: amounts falling due within one year | 9 | (18,617) | (18,338) |
| NET CURRENT LIABILITIES | | <u>(18,329)</u> | <u>(18,112)</u> |
| PROVISIONS FOR LIABILITIES | 10 | (200) | (329) |
| NET LIABILITIES | | <u>(18,529)</u> | <u>(18,441)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 43,474 | 43,474 |
| Profit and loss account | | (62,003) | (61,915) |
| EQUITY SHAREHOLDERS' DEFICIT | | <u>(18,529)</u> | <u>(18,441)</u> |

These Financial Statements were approved by the Directors on the date shown below.


Lena Andersson
Director

Dated: 14 August 2017

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

| | Called up share capital | Profit and Loss Account | Total |
|-----------------------------|-------------------------------|-------------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| At 1 January 2015 | 43,474 | (61,860) | (18,386) |
| Loss for the financial year | - | (55) | (55) |
| Other comprehensive income | - | - | - |
| At 31 December 2015 | 43,474 | (61,915) | (18,441) |
| Loss for the financial year | - | (88) | (88) |
| Other comprehensive income | - | - | - |
| At 31 December 2016 | <u>43,474</u> | <u>(62,003)</u> | <u>(18,529)</u> |

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2016**1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101**

The Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable UK accounting standards.

The Company's Financial Statements are presented in pound sterling and values rounded to the nearest thousand except when otherwise stated.

The Financial Statements were approved for issue by the Board of Directors on 20 July 2017.

The principle accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES**2.1 Basis of preparation**

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101, as the results are included in the consolidated accounts of ABB Ltd:

- (a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38(a) - 38(d), 40(a) - 40(d), 111 and 134 -136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

2.2 Judgements and key sources of estimation uncertainty

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no judgements (apart from those involving estimates) that had a significant effect on amounts recognised in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2016

2. ACCOUNTING POLICIES (continued)**2.3 Significant accounting policies*****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 to meet its liabilities as they fall due for a minimum of twelve months from the date of signature of these Financial Statements.

Revenue recognition

Revenue is recognised on service agreements as it is invoiced, based on the agreed contractual terms to reflect the service provided.

Interest income

Revenue is recognised as interest accrues.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. 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.

Operating leases

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

Pensions

Pensions benefits are provided by a Group defined benefit scheme. Contributions to the scheme are charged to the profit and loss account as they are incurred, based on pensions costs across the Group as a whole.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate, that reflects, where appropriate, the risks specific to the liability.

3 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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2016

4. PROFIT BEFORE INTEREST AND TAXATION

This is stated after charging:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Auditor's remuneration for audit services | 8 | 8 |
| Operating lease rentals – Other | <u>5</u> | <u>8</u> |

5. INTEREST PAYABLE

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Interest payable to group undertakings | <u>200</u> | <u>211</u> |

6. DIRECTORS' REMUNERATION AND STAFF COSTS

| <i>Staff costs</i> | 2016 £'000 | 2015 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 225 | 182 |
| Social security costs | 16 | 8 |
| Other pension costs | <u>16</u> | <u>10</u> |
| | <u>257</u> | <u>200</u> |

The average monthly number of employees during the year was 2 (2015: 2).

| | 2016 | 2015 |
|----------------|----------|----------|
| Administration | 1 | 1 |
| Service | <u>1</u> | <u>1</u> |

Director's Remuneration

The Directors are employees of fellow subsidiary companies. No recharge is made for their services, but an allocation of their time spent results in a charge of £60,000 (2015: £43,000) borne by other group entities.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2016

7. TAX ON LOSS

| | | |
|---------------------------------------|-------------|-------------|
| The tax credit is made up as follows: | 2016 | 2015 |
| | £'000 | £'000 |
| UK corporation tax | <u>(31)</u> | <u>(24)</u> |
| Total current tax | <u>(31)</u> | <u>(24)</u> |
| Tax on loss | <u>(31)</u> | <u>(24)</u> |

Factors affecting current tax credit

The tax disclosed on the loss for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are reconciled below:

| | | |
|--|--------------|-------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| Loss before tax | <u>(119)</u> | <u>(79)</u> |
| Loss multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) | (24) | (16) |
| Capital allowances | (7) | (8) |
| Total current tax credit – group relief | <u>(31)</u> | <u>(24)</u> |

The Company has tax trading losses arising and carried forward in the UK of £49,704,000 (2015: £49,704,000) 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 £152,000 (2015: £185,000) relating to decelerated capital allowances and future tax deductions of £NIL (2015: £NIL) relating to other timing differences.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2016

7. TAX ON LOSS (continued)

Deferred tax assets have not been recognised in respect of the net future deductions available as there is insufficient evidence to support the future recoverability of these assets.

| | | |
|---|---------------|---------------|
| The deferred tax assets not recognised as detailed above are: | 2016 £'000 | 2015 £'000 |
| Tax losses | 8,450 | 8,947 |
| Decelerated capital allowances | 26 | 33 |
| | <u>8,476</u> | <u>8,980</u> |

The movement in this total deferred tax asset not recognised of £8,476,000 (2015: £8,980,000) is as follows:

| | | |
|--------------------------------|---------------|---------------|
| | 2016 £'000 | 2015 £'000 |
| Brought forward at 1 January | 8,980 | 9,986 |
| Movement in the year | (504) | (1,006) |
| Carried forward at 31 December | <u>8,476</u> | <u>8,980</u> |

Unrecognised deferred tax assets have been calculated at 17% as this is the rate expected to apply when they crystallise based on current and enacted tax rates and law.

The Finance (No 2) Act 2015 was enacted on 18 November 2015 including a provision to reduce the UK corporation tax rate to 19% from 1 April 2017. A further reduction to 18% from 1 April 2020, was also enacted at that time.

The Finance Act 2016 was enacted on 15 September 2016 and this further reduced the UK corporation tax rate to 17% from 1 April 2020.

8. DEBTORS

Amounts falling due within one year

| | | |
|---|---------------|---------------|
| | 2016 £'000 | 2015 £'000 |
| Trade debtors | 100 | 59 |
| Amount owed by group undertakings | - | 12 |
| Other debtors | 1 | - |
| Corporation tax – Group relief receivable | 185 | 153 |
| Prepayments | 2 | 2 |
| | <u>288</u> | <u>226</u> |

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2016

9. CREDITORS

Amounts falling due within one year

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Loan from group undertaking | 1,000 | 1,000 |
| Amounts due to group undertakings | 17,579 | 17,185 |
| Trade creditors | 1 | 117 |
| Other taxation and social security costs | 20 | 26 |
| Accruals and other liabilities | 17 | 10 |
| | <u>18,617</u> | <u>18,338</u> |

The loan from group undertaking of £1,000,000 (2015: £1,000,000) is interest free and is repayable on demand.

10. PROVISIONS FOR LIABILITIES

| | <i>Loss making contracts £000</i> |
|---|---|
| At 1 January 2016 | 329 |
| Released to the P&L account in the year | (117) |
| Utilised in the year | <u>(12)</u> |
| At 31 December 2016 | <u>200</u> |

The loss making contract provision relates to the total forecast future losses on existing maintenance contracts.

All provisions are expected to be utilised over the life of the contracts to which they relate, which have termination dates ranging from 2017 to 2018.

11. SHARE CAPITAL

| | No '000 | 2016 £'000 | No '000 | 2015 £'000 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| 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> |

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2016****12. 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 IAS 19. The net deficit on the ABB Limited scheme as at 31 December 2016 is £148,450,000 (2015: £41,628,000).

Total pension contributions of £15,800 (2015: £10,200) were made during the year of which £1,500 (2015: £1,500) remained unpaid at the year end.

13. FINANCIAL COMMITMENTS

At 31 December 2016 the Company had no annual commitments under non-cancellable operating leases (2015: nil).

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in paragraph 17 of IAS 24 from disclosing transactions with other wholly owned related parties that are part of the ABB Ltd group. There are no other related party transactions requiring disclosure.

15. 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, which is the registered office of ABB Ltd.