

ABB Combined Heat and Power Limited

Report and Financial Statements

31 December 2013

Registered Number: 3230015

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COMPANIES HOUSE

ABB Combined Heat and Power Limited

Registered No. 3230015

DIRECTORS

TJ Gregory

W McLaughlin (Resigned 1 April 2014)

SECRETARY

Victoria Mac Lean

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

Registered No. 3230015

DIRECTOR'S REPORT

The director presents his report and financial statements for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The loss for the year after taxation amounted to £216,000 (2012: loss £111,000).

The directors do not recommend payment of a dividend (2012: £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 director has 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.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and subsequently were

TJ Gregory

W McLaughlin (Resigned 1 April 2014)

DIRECTOR'S QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted indemnity to its director 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 director's report.

Registered No. 3230015

DIRECTOR'S 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 the company's auditor, the 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

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 director has taken advantage of the provisions of the Companies Act 2006 (Amendment) (Accounts and Reports Regulations 2008) relating to small entities



Trevor Gregory
Director

Date 28.7.14

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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;

The director is 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. He is 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 2013 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the director is 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 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 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.

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

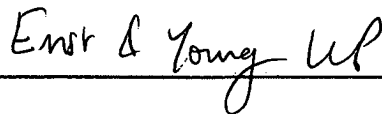
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.
- the director was not entitled to take advantage of the small companies' exemption in not preparing a Strategic Report and take advantage of the small companies' exemption in preparing the Director's Report.



Adrian Roberts (Senior statutory auditor)

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

Birmingham

Date *26 September 2014*

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
TURNOVER	2	697	740
Cost of sales		<u>(797)</u>	<u>(769)</u>
GROSS LOSS		(100)	(29)
Net operating expenses		<u>(21)</u>	<u>(35)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	(121)	(64)
Interest receivable		-	3
Interest payable and similar charges	4	<u>(179)</u>	<u>(268)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(300)	(329)
Tax on loss on ordinary activities	6	<u>84</u>	<u>218</u>
RETAINED LOSS FOR THE YEAR	12	<u><u>(216)</u></u>	<u><u>(111)</u></u>

All turnover and operating loss is from continuing operations.

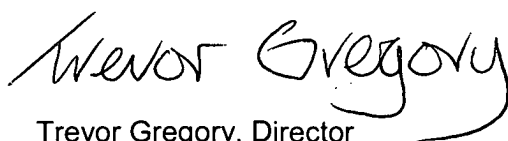
There are no recognised gains or losses other than the loss for the year of £216,000 (2012 : loss £111,000).

BALANCE SHEET

at 31 December 2013

	Notes	2013 £'000	2012 £'000
CURRENT ASSETS			
Stocks and work in progress	7	-	13
Debtors	8	157	623
		<u>157</u>	<u>636</u>
CREDITORS: amounts falling due within one year	9	<u>(16,578)</u>	<u>(16,422)</u>
NET CURRENT LIABILITIES		<u>(16,421)</u>	<u>(15,786)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(16,421)	(15,786)
PROVISIONS FOR LIABILITIES	10	<u>(1,848)</u>	<u>(2,267)</u>
NET LIABILITIES		<u>(18,269)</u>	<u>(18,053)</u>
CAPITAL AND RESERVES			
Called up share capital	11	43,474	43,474
Profit and loss account	12	(61,743)	(61,527)
EQUITY SHAREHOLDER'S DEFICIT	12	<u>(18,269)</u>	<u>(18,053)</u>

These financial statements were approved by the director on the date shown below.


Trevor Gregory, Director

Dated: 28.7.14

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2013

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 Director on 28th July 2014.

Fundamental accounting concept

The financial statements of the company have been prepared on a going concern basis because the director has 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

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 exchange 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 2013

1. ACCOUNTING POLICIES (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2013****3. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION**

This is stated after charging / (crediting)

	2013 £'000	2012 £'000
Auditors remuneration for audit services	8	14
Operating lease rentals – Other	8	26
Operating lease rentals received	-	(79)
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	2013 £'000	2012 £'000
Interest payable to group undertakings	<u>179</u>	<u>268</u>

5. DIRECTORS REMUNERATION AND STAFF COSTS

<i>Staff costs</i>	2013 £'000	2012 £'000
Wages and salaries	274	313
Social security costs	14	37
Other pension costs	13	22
	<u>301</u>	<u>372</u>

The average monthly number of employees during the year was 3 (2012 : 5).

	2013	2012
Administration	1	1
Service	<u>2</u>	<u>4</u>

ABB Combined Heat and Power Limited

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2013****5. DIRECTORS' REMUNERATION AND STAFF COSTS (continued)**

<i>Directors' Remuneration</i>	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Emoluments (excluding pension contributions)	37	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	24	21
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>2013</i>	<i>2012</i>
	<i>£'000</i>	<i>£'000</i>
UK corporation tax	(84)	(99)
Tax over provided in previous years	<u>-</u>	<u>(119)</u>
Total current tax	<u>(84)</u>	<u>(218)</u>
Tax on loss on ordinary activities	<u>(84)</u>	<u>(218)</u>

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2013****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 23.25 (2012: 24.5%). The differences are reconciled below:

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	<u>(300)</u>	<u>(329)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(70)	(81)
Excess capital allowances over depreciation	(14)	(18)
Tax over provided in previous years		<u>(119)</u>
Total current tax credit	<u>(84)</u>	<u>(218)</u>

The company has tax trading losses arising and carried forward in the UK of £49,704,000 (2012 : £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 £275,000 (2012: £336,000) relating to decelerated capital and future tax deductions of £NIL (2012: £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:	2013 £'000	2012 £'000
Tax losses	9,941	11,432
Decelerated capital allowances	<u>55</u>	<u>77</u>
	<u>9,996</u>	<u>11,509</u>

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2013****6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

In his budget of 20 March 2013, the Chancellor of the Exchequer proposed decreases in the rate of the UK corporation taxation from 24% to 20%, falling by 1% in 2013, 2% in 2014 and 1% in 2015 to reach a rate of 20% effective 1 April 2015. The further reduction to 21% and 20% were both enacted on 17 July 2013 and, in accordance with accounting standards, this has been reflected in the unrecognised deferred taxation asset disclosure above.

7. STOCKS AND WORK IN PROGRESS

	2013 £'000	2012 £'000
Work in progress	-	13
	<u>-</u>	<u>13</u>

8. DEBTORS*Amounts falling due within one year*

	2013 £'000	2012 £'000
Trade debtors	62	67
Amount owed by group undertakings	9	-
Other debtors	-	353
Corporation tax – Group relief receivable	84	201
Prepayments	2	2
	<u>157</u>	<u>623</u>

NOTES TO THE FINANCIAL STATEMENTS**at 31 December 2013****9. CREDITORS***Amounts falling due within one year*

	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Loan from group undertaking	1,000	1,000
Amounts due to group undertakings	15,302	15,104
Trade creditors	249	246
Other taxation and social security costs	19	18
Other creditors	-	15
Accruals and other liabilities	8	39
	<u>16,578</u>	<u>16,422</u>

The loan from group undertaking of £1,000,000 (2012: £1,000,000) is interest free and is renewable annually.

10. PROVISIONS FOR LIABILITIES

	<i>Loss making contracts £000</i>
At 1 January 2013	2,267
Additions in the year	519
Utilised in the year	<u>(938)</u>
At 31 December 2013	<u>1,848</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 2014 to 2018.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2013

11. SHARE CAPITAL

	No '000	2013 £'000	No '000	2012 £'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>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT

	Share Capital £'000	Profit & Loss Account £'000	Total £'000
As at 1 January 2012	43,474	(61,416)	(17,942)
Loss for the year	-	(111)	(111)
As at 31 December 2012	<u>43,474</u>	<u>(61,527)</u>	<u>(18,053)</u>
Loss for the year	-	(216)	(216)
As at 31 December 2013	<u>43,474</u>	<u>(61,743)</u>	<u>(18,269)</u>

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 2013 is £108,454,000 (2012: £93,715,000).

Total pension contributions of £13,000 (2012: £22,000) were made during the year of which £1,000 (2012: £1,000) remained unpaid at the year end.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2013

15. FINANCIAL COMMITMENTS

At 31 December 2013 the company had no annual commitments under non-cancellable operating leases.

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.