

Registered Number: 2579323

SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2006

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COMPANIES HOUSE

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Directors' report

For the year ended 31 March 2006

The directors present their annual report and audited financial statements of South Wales TPL Investments Limited (the "Company") for the year ended 31 March 2006.

Ownership

To 24 June 2005, the Company was a wholly-owned subsidiary within the Western Power Distribution Holdings Limited group ("WPD"). The WPD group owns and operates the electricity distribution networks in South West England and South Wales.

On 24 June 2005, the Company entered into a £2.6m convertible loan agreement with ELQ Investors, Limited ("ELQ"), whose ultimate parent is The Goldman Sachs Group Inc.. The £2.6m was used by the Company to repay loans to other WPD group companies. At 31 March 2006, the equity in the Company continued to be held by another WPD group company (Note 17).

Principal activity and business review

The principal activity of the Company is investment in projects for the generation of electricity.

The Company has an investment in Teesside Power Limited ("TPL"), which represents a 7.69% equity share. TPL owns and operates a 1,925 MW generating station on Teesside. The Company is involved in the management of TPL and receives a fee for these services.

During the year, the Company was restructured as noted in 'Ownership' above. As part of the restructuring, net loans of £4,907,000 payable to other WPD group companies were written off.

Future developments

The directors do not anticipate any significant changes in the Company's activities in the forthcoming year.

Results and dividends

The profit for the financial year was £7,550,000 (2005: £680,000). No dividends were paid during the year (2005: nil).

Directors and their interests

The directors who served during the year were:

	<u>Appointed</u>	<u>Resigned</u>
T Masood	20 October 2000	27 April 2005
D C S Oosthuizen	20 October 2000	
R C Smyth	27 April 2005	

Subsequent to the year end, on 21 April 2006 R C Smyth resigned as a director. On 4 December 2006, D C S Oosthuizen resigned as a director, J P Ganley and S J Hunt were appointed as directors, S A Jones resigned as Company Secretary and W J Elliott and N D Russell were appointed as Company Secretaries. On 8 December 2006, S I Mansfield and M R McDermott were appointed as directors.

No director had any interest in the shares of the Company or any company within the Western Power Distribution Holdings Limited Group at any time during the period. During or at the end of the year, no director was materially interested in any contract of significance in relation to the Company's business.

Directors' report (continued)

For the year ended 31 March 2006

Subsequent event

On 8 December 2006, ELQ exercised its right under the terms of the convertible loan it had made to the Company to convert the loan into equity. ELQ also purchased the shares owned by the WPD Group. The Company is now wholly-owned by ELQ.

Statement of disclosure to auditors

In the case of each of the persons who were directors at the time when the report is approved under Section 234A of the Companies Act, the following applies:

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

Auditors

Elective resolutions to dispense with the holding of annual general meetings, the laying of financial statements before the Company and the appointment of auditors annually are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of 28 days beginning with the day on which copies of this report and financial statements are sent to its member.

By Order of the Board,



Director

South Wales TPL Investments Limited

Peterborough Court

133 Fleet Street

London

EC4A 2BB

30 January 2007

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained in Note 1 "Accounting Policies";
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 1985. 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 auditors' report to the member of South Wales TPL Investments Limited

We have audited the financial statements of South Wales TPL Investments Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's member in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

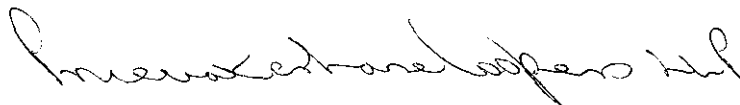
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report
to the member of South Wales TPL Investments Limited**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff

31 January 2007

Profit and loss account

For the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
Turnover	2	499	421
Operating expenses	3	(28)	(49)
Operating profit		471	372
Reinstatement of investment value	8	2,600	-
Write off inter-company loans payable (net)	4	4,907	-
Interest receivable	6	74	264
Interest payable	6	(659)	-
Profit on ordinary activities before tax		7,393	636
Tax on profit on ordinary activities	7	157	44
Profit for the financial year	13	7,550	680

All operations are continuing.

There are no recognised gains or losses other than those in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before tax and the profit for the financial year stated above, and their historical cost equivalents.

The accompanying notes are an integral part of these financial statements.

Balance sheet

As at 31 March 2006

	Note	2006 £'000	2005 £'000
Fixed asset investment	8	2,600	-
Current assets			
Debtors	9	386	4,535
Cash at bank		11	-
		397	4,535
Creditors			
Amounts falling due within one year	10	(374)	(12,062)
Net current assets/(liabilities)		23	(7,527)
Total assets less current liabilities		2,623	(7,527)
Creditors			
Amounts falling due after one year	11	(2,600)	-
Net assets/(liabilities)		23	(7,527)
Capital and reserves			
Called-up share capital	12	-	-
Profit and loss account	13	23	(7,527)
Equity shareholder's funds/(deficit)	14	23	(7,527)

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors on 30 January 2007 and were signed on its behalf by:



Director

Notes to the financial statements

For the year ended 31 March 2006

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. They are prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). Accounting policies have been applied consistently throughout the year and the preceding year except where changes have been made to previous policies on adoption of new accounting standards.

Change in accounting policies

The Company has adopted Financial Reporting Standard ("FRS") 21 'Events after the balance sheet date', FRS 25 'Financial instruments: disclosure and presentation' and FRS 28 'Corresponding amounts'. The adoption of these standards in the current year represents a change in accounting policies. This change in accounting policies has had no effect on the Company and restatement of comparative figures has not been required.

Turnover

Turnover is stated net of value added tax and is recognised on performance of services.

Dividend income

Dividend income is included in the financial statements when the dividend is declared.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Investments

Fixed asset investments are stated at cost less any provisions for impairment.

Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement under FRS 1 (revised) on the basis that it is consolidated in the accounts of The Goldman Sachs Group Inc, which is registered in Delaware USA and includes a consolidated cash flow statement in its group financial statements.

Notes to the financial statements

For the year ended 31 March 2006

2 Turnover

Turnover represents the provision of management services to Teesside Power Limited ("TPL"). The Company operates wholly in the United Kingdom.

3 Operating expenses

Operating expenses includes a management fee payable to another WPD Group company.

For 2006, the auditors' remuneration (for audit services) has been estimated at £3,000. For 2005, it was borne by another WPD company.

4 Write off inter-company loans payable (net)

Prior to entering into an agreement with a third party on 24 June 2005 (Note 11), the inter-company loans with other WPD group companies were restructured. This resulted in a net write off within the Company of £4,907,000 loans owed to other WPD group companies.

5 Directors and employees

No director of the Company received any emoluments for services provided to the Company during either financial year.

The Company had no employees in either year.

6 Interest receivable and payable

Interest receivable relates to loans to other WPD group companies. Of the interest payable, £200,000 relates to other WPD Group companies and £459,000 to a loan from an affiliate (2005: both nil).

7 Tax on profit on ordinary activities

(a) Analysis of credit in the year

	2006 £'000	2005 £'000
Current tax:		
UK corporation tax on profit for the year	(14)	(44)
Adjustment to current tax in respect of previous years	(143)	-
Total current tax (note 7(b))	(157)	(44)

Notes to the financial statements

For the year ended 31 March 2006

7 Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax credit for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	7,393	636
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	2,218	191
Effects of:		
Expenses not deductible and income not taxable for tax purposes	(2,250)	4
Notional intra-group recharges required under UK tax legislation	25	(239)
Adjustments to current tax in respect of previous years	(143)	-
Group relief at non-standard rates	(7)	-
Current tax credit for the year (note 7(a))	(157)	(44)

8 Fixed asset investment

	£'000
At 1 April 2005	-
Reinstatement of investment value written down in a prior year	2,600
At 31 March 2006	2,600

The investment comprises:

Name	Principal activity	Holding	Proportion held
Teesside Power Limited ("TPL")	Electricity generation	'D' Ordinary shares	7.69%

TPL owns and operates a 1,925 MW generating station on Teesside. Enron participated in TPL as an owner, an operator and a power purchaser. Following the financial collapse of Enron in 2001, the investment in TPL was considered to have no further value and thus the investment of £13.1m was written off during the year ended 31 March 2002. Due to increases in energy prices and other factors, the investment is now considered to have value and thus £2.6m of the investment value has been reinstated.

Notes to the financial statements

For the year ended 31 March 2006

9 Debtors

	2006 £'000	2005 £'000
Trade debtors	386	176
Prepayments and accrued income	-	7
Amounts owed by other Group undertakings	-	4,352
	386	4,535

10 Creditors - amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed to other Group undertakings	-	11,875
UK corporation tax	-	100
Accruals and deferred income	368	61
Other creditors	6	26
	374	12,062

11 Creditors - amounts falling due after one year

	£'000	£'000
Convertible loan	2,600	-

On 24 June 2005, the Company entered into a £2.6m convertible loan agreement with ELQ Investors, Limited ("ELQ"), whose ultimate parent is The Goldman Sachs Group Inc.. Under the terms of the agreement, ELQ could convert the loan in whole or in part together with any interest accrued into ordinary shares of £1 each at the rate of one ordinary share for each £1 converted. The Company could also convert the loan subject to certain conditions. Unless converted beforehand, the loan was due for repayment on 31 March 2015. Interest on the loan was chargeable at the rate of 10% on the principal and on any interest accrued but not paid at specified payment dates; in addition, further interest was payable if net cash received by the Company exceeded interest chargeable at 10%.

Subsequent to the year end, the loan has been converted; see Note 16.

Notes to the financial statements

For the year ended 31 March 2006

12 Called-up share capital

	2006 £	2005 £
Authorised:		
10,000,000 (2005: 100) ordinary shares of £1 each	10,000,000	100
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	2	2

13 Profit and loss account

	2006 £'000	2005 £'000
At 1 April	(7,527)	(8,207)
Retained profit for the financial year	7,550	680
At 31 March	23	(7,527)

14 Reconciliation of movements in equity shareholder's funds/(deficit)

	2006 £'000	2005 £'000
Net decrease in equity shareholder's deficit, being profit for the financial year	7,550	680
Opening equity shareholder's deficit	(7,527)	(8,207)
Closing equity shareholder's funds/(deficit)	23	(7,527)

Notes to the financial statements

For the year ended 31 March 2006

15 Related party transactions

The Company, a wholly-owned subsidiary undertaking, has taken the exemption available from related party disclosure requirements of FRS 8 as the financial statements of the parent company are available to the public (see Note 17). Prior to entering into the agreement as described in Note 11, the Company restructured loans due between it and other companies in the Western Power Distribution Holdings Limited group. This resulted in a write off as described in Note 4. Interest on these loans is set out in Note 6.

16 Subsequent event

On 8 December 2006, ELQ exercised its right under the terms of the convertible loan it had made to the Company to convert the loan into equity. ELQ also purchased the shares owned by the WPD Group. The Company is now wholly-owned by ELQ.

17 Ultimate parent undertaking

At 31 March 2006, the shares of the Company were held by Western Power Distribution Investments Limited ("WPDIL"). Both companies are registered in England and Wales. WPDIL is part of a group headed by Western Power Distribution Holdings Limited. Their financial statements may be obtained from Companies House. Subsequent to the year end, ownership of the shares changed; see Note 16.

The Company and its parent entered into an agreement on 24 June 2005, details of which are given in Note 11. As a result of this, the results of the Company are now consolidated in a group headed by The Goldman Sachs Group Inc, which is the largest group in which the results of the Company are consolidated. Copies of these financial statements may be obtained from the Securities and Exchange Commission in the USA. The smallest group in which the results of the Company are consolidated is that headed by ELQ Investors, Limited; copies of their financial statements may be obtained from Companies House.

South Wales TPL Investments Limited

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