

SOUTH WALES TPL INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 November 2007

TUESDAY



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COMPANIES HOUSE

SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the period ended 30 November 2007

1. Principal activities

The company's principal activity is to hold an investment in Teesside Power Limited, a company established to build and operate a power station in Teesside

During the period the accounting reference date was changed to 30 November. The accounts have been prepared for the 8 month period ending 30 November 2007

2. Review of business and future developments

The results for the 8 month period are shown in the profit and loss account on page 4. Profit on ordinary activities before taxation for the period was £0.1m (for the year ended 31 March 2007 £1.7m). The company has total assets of £4m (31 March 2007 £4.4m).

Strategy

The company seeks to maximize the benefits from its participation in Teesside Power Limited

Risk management

The company's risk management objectives and policies, as well as its risks exposure, are described in note 15 of the financial statements

Future outlook

The directors consider that the year end financial position of the company was satisfactory. No significant change in the company's principal business activity is expected

3. Dividends

No dividend has been distributed during the period

The directors recommend the payment of an ordinary dividend in respect of the period ended 30 November 2007 of £1.2m

4. Directors

The directors of the company during the period, and as at the date of this report, together with dates of appointment or resignation where applicable, were

Name	Appointed	Resigned
J P Ganley		
S I Mansfield		
G P Minson	31 July 2007	
S J Hunt		14 June 2007
M R McDermott		30 April 2007

No director had any interest in the ordinary shares of the company, at any time during the period

SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

5. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

6. Directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 accounts 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.

7. Auditors

The company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue office as Auditors of the company pursuant to Section 386 of The Companies Act 1985.

BY ORDER OF THE BOARD



N. RUSSELL
Secretary

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

We have audited the company financial statements (the "financial statements") of South Wales TPL Investments Limited for the period ended 30 November 2007, which comprise the Company Profit and Loss Account, the Company 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 members as a body 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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

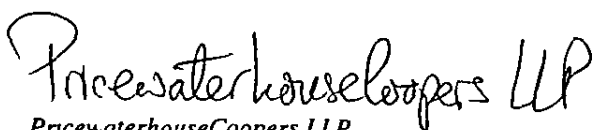
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

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 30 November 2007 and of the company's profit for the period then ended,
- the financial statements have been properly 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
London

20 March 2008

SOUTH WALES TPL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT for the 8 month period ended 30 November 2007

	Note	8 month period ended 30 November 2007 £000	Year ended 31 March 2007 £000
Revenue	3	83	2,064
Administrative expenses		(23)	(20)
OPERATING PROFIT	4	60	2,044
Interest receivable and similar income		34	3
Interest payable and similar charges	5	(3)	(343)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		91	1,704
Tax on Profit on ordinary activities	8	(27)	(511)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		64	1,193

The operating profit of the company for the period is derived from continuing operations

There is no difference between the gain on ordinary activities before taxation and the gain for the period as stated above and their historical cost equivalents

The company has no recognized gains and losses other than those included in the profit for the period above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 6 to 10 form part of these financial statements
Auditors' report – page 3

SOUTH WALES TPL INVESTMENTS LIMITED

BALANCE SHEET As at 30 November 2007

	Note	30 November 2007 £000	31 March 2007 £000
CURRENT ASSETS			
Investments	9	2,600	2,600
Debtors	10	29	1,711
Cash at bank and in hand		1,330	48
		3,959	4,359
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(53)	(517)
		3,906	3,842
NET CURRENT ASSETS			
		3,906	3,842
TOTAL ASSETS LESS CURRENT LIABILITIES			
		3,906	3,842
NET ASSETS		3,906	3,842
CAPITAL AND RESERVES			
Called up share capital	12	2,626	2,626
Profit and loss account	13	1,280	1,216
		3,906	3,842
EQUITY SHAREHOLDERS' FUNDS	14	3,906	3,842

Approved by the Board of Directors on

20/3/08

Jim Mansfield

Director

The notes on pages 6 to 10 form part of these financial statements
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SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2007

1. ACCOUNTING POLICIES

- (a) **Accounting convention** : The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable Accounting Standards in the United Kingdom and pronouncements of the Urgent Issues Task Force (UITF)
- (b) **Current asset investments** : Current asset investments are carried at cost less any provision or amounts written off for impairment in value
- (c) **Revenue** : Revenue represents the charges made for management services provided net of value added tax. Revenue is recognised as the services are provided under the management agreement
- (d) **Taxation** : Corporation tax expense is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date

2. CASH FLOW STATEMENT

The company is more than 90% controlled by its ultimate parent company, and is therefore exempt from preparing a cash flow statement as required by FRS1, 'Cash flow statements', as the ultimate parent company accounts are publicly available

3. REVENUE

Revenue represents the charges made for management services

4. OPERATING PROFIT

	8 month period ended 30 November 2007 £000	Year ended 31 March 2007 £000
Operating profit is stated after charging		
Auditors' remuneration - audit services	5	4
Management fees payable to group undertakings	17	5

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable relates to interest on amount owed to group undertaking

6. STAFF COSTS

The company has no employees (31 March 2007 Nil). All persons involved in the company's operation are employed by a group undertaking. The charges made by this group undertaking for all services provided to the company are included in the service charges payable to group undertakings (see note 4)

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2007

7. DIRECTORS' EMOLUMENTS

	8 month period ended 30 November 2007 £000	Year ended 31 March 2007 £000
Aggregate emoluments	2	-
Company pension contributions to money purchase schemes	-	-
	2	-

In accordance with the Companies Act 1985, directors' emoluments above represent the proportional of total emoluments paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services which are not required to be disclosed. Four directors are members of the defined contribution and the defined benefit pension schemes.

Four directors have been granted shares in respect of a long term incentive scheme. Two directors have exercised options.

8. TAX ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in period

	8 month period ended 30 November 2007 £000	Year ended 31 March 2007 £000
Current tax		
UK corporation tax at 30% - current period (see note 8(b))	27	511

(b) Factors affecting tax charge for the period

	8 month period ended 30 November 2007 £000	Year ended 31 March 2007 £000
Profit on ordinary activities before tax	91	1,704
Tax on profit on ordinary activities	27	511
Current tax charge for the period	27	511

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2007

9. INVESTMENTS

	£000
At 31 March 2007 and 30 November 2007	2,600

The investments comprise

Name of Company	Country of Incorporation	Class and issued share capital	Ownership percentage	Activity
Teesside Power Limited (TPL)	England	Ordinary Shares	7.69%	Electricity Generation

10. DEBTORS

Debtors comprise of amounts due within one year for management services and bank interest

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November 2007 £000	31 March 2007 £000
Trade and other payable	33	15
Corporation tax payable	20	229
Amounts owed to group undertakings	-	273
	53	517

12. SHARE CAPITAL

At 30 November 2007 share capital comprised

	30 November 2007 £000	31 March 2007 £000
Authorised		
10,000,000 Ordinary shares of £ 1.00 each	10,000	10,000
Allotted, called up and fully paid		
2,626,358 Ordinary shares of £ 1.00 each	2,626	2,626

13. PROFIT AND LOSS ACCOUNT

	£000
At 31 March 2007	1,216
Profit for the period	64
At 30 November 2007	1,280

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2007

14. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	Share Capital £000	Retained Reserves £000	Total Equity Shareholders' Funds £000
At 31 March 2007	2,626	1,216	3,842
Profit for the period	-	64	64
At 30 November 2007	2,626	1,280	3,906

15. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the most important components of financial risk the directors consider relevant to the entity are interest rate risk, credit risk and liquidity risk.

(a) Interest rate risk

Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and prepayments. The company manages its interest rate risk by establishing hedges in related securities or derivatives as appropriate to the circumstances of the company.

(b) Credit risk

Credit risk represents the loss that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform under its contractual obligations. Credit risk is managed by reviewing the credit quality of counterparties and reviewing, if applicable, the underlying collateral against which the assets are secured.

(c) Liquidity risk

We have implemented policies to be able to fund the company and to enable our core business to continue to generate revenue under adverse conditions. The company manages its liquidity risk by having the ability to call additional funds from its shareholders as and when required.

16. RELATED PARTY DISCLOSURES

Under the terms of FRS8, "Related Party Disclosures", the company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the company is included are publicly available.

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the period end. The company is exempt from the disclosures required by FRS13 as it does not meet the FRS13 definition of a bank or similar institution nor does it have instruments that meet the definition of capital instruments that are publicly listed or publicly traded.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2007

18. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent company is ELQ Investors, Ltd registered in the United Kingdom. The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc, ("Group") with its principal place of business at 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America.

19. POST BALANCE SHEET EVENT

On 22 February 2008 the company entered into an agreement to sell its investment in Teesside Power Limited.