

SWINDON POWER TECHNICAL SERVICES LIMITED

Company No: 4982429

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011



Directors' report

The Directors present their report and audited financial statements of Swindon Power Technical Services Limited (the Company) for the year ended 31 December 2011

Principal activities

The Company holds a technical services agreement with Tihama Power Generation Company Limited (Tihama)

Business review

The results of the Company are as follows

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
(Loss)/profit for the year	(1,589)	1,484

As shown in the profit and loss account on page 6, the loss before tax for the year ended 31 December 2011 is mainly due to the provision against amounts due from related party

The balance sheet on page 7 of the financial statements shows the Company's financial position at the end of the reporting period. The net assets have decreased from £4,103,000 to £2,514,000 as a result of the retained loss for the year

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2011 (2010 nil)

Events after the end of the reporting period

On 1 January 2012, following a change in the Company's primary economic environment from pounds sterling to euro, the local currency of the Company changed to euro. The presentation currency of future individual financial statements of the Company will also be euro

Following an agreement dated 27 October 2011 between the shareholders of Tihama and an amendment agreement to the technical services agreement dated 26 April 2012 between the Company and Tihama, it was agreed that the technical services fees were no longer payable. As a result, a provision for £2,645,000 was recognised in respect of the amount owed by Tihama as at 31 December 2011

Principal risks and uncertainties*Interest rate risk*

The Company has interest-bearing assets with are loans advanced to group undertakings. The interest-bearing assets which had a carrying value of £3,862,352 earn interest at floating rates between 2.8% and 3.9% per annum. There are no substantial expenses and therefore the Directors consider the exposure to be acceptable

Directors

The Directors who held office during the financial year were as follows

S Riley	
M D Williamson	(resigned 15 May 2012)
W S Doran	
G Peeters	(appointed 15 May 2012)
D Smith	(resigned 19 March 2012)
G Clack	(appointed 19 March 2012)

Directors' report (continued)**Directors' and officers' liability insurance**

During the year ended 31 December 2011, one of the Company's immediate parent companies, International Power plc, maintained insurance for the Directors to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of the Company, including liabilities in respect of which the Company itself is unable to provide an indemnity

Employees

Details of the number of employees and related costs can be found in note 2 to the financial statements

Political and charitable donations

The Company did not make any political or charitable donations during the year (2010 £nil)

Going concern

The Company's activities, together with the factors likely to affect its future development and position, are set out above. Furthermore, given the nature of arrangement of the intercompany financing transactions with the related parties, the Directors of the Company have reasonable expectation that such financing transactions will continue in the foreseeable future. Therefore, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are included in the Basis of Preparation contained in note 1a to the financial statements on page 9

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Auditor

KPMG Audit Plc resigned as auditor of the Company in December 2011 and Deloitte LLP was appointed as the Company's statutory auditor for 2011. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office

By order of the Board

R Simpson
Company Secretary
17 December 2012

Statement of Directors' responsibilities in respect of the Directors' report and 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 they 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 these 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, 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 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 enable them to ensure that its 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 members of Swindon Power Technical Services Limited

We have audited the financial statements of Swindon Power Technical Services Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholder's funds and the related notes 1 to 12. 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 auditor

As explained more fully in the Statement of Directors' responsibilities, 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 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 Directors' report 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 2011 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 matters 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.

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.



Makhzan Chahal (Senior Statutory Auditor)
for and behalf of Deloitte LLP
Chartered Accountants and statutory auditor
London, United Kingdom

SWINDON POWER TECHNICAL SERVICES LIMITED**Company No: 4982429****Profit and loss account
for the year ended 31 December 2011**

		Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
	Note		
Operating income		1,307	1 335
Operating profit		1,307	1,335
Provision against amounts due from related party	6	(2,645)	-
(Loss)/profit on ordinary activities before interest and tax		(1,338)	1,335
Interest receivable and similar income	4	129	99
(Loss)/profit on ordinary activities before taxation		(1,209)	1,434
Tax (charge)/credit on (loss)/profit on ordinary activities	5	(380)	50
(Loss)/profit for the year		(1,589)	1,484

All results arose from continuing operations

The Company had no other recognised gains or losses in the current or preceding financial year

The notes on pages 9 to 13 form part of these financial statements

Balance sheet
as at 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
Current assets			
Debtors amounts falling due within one year	6	3,878	5,087
Total current assets		3,878	5,087
Creditors: amounts falling due within one year	7	(1,364)	(984)
Net current assets		2,514	4,103
Total assets less current liabilities		2,514	4,103
Net assets		2,514	4,103
Capital and reserves			
Called up share capital	8,9	-	-
Profit and loss account	9	2,514	4,103
Equity shareholder's funds		2,514	4,103

The notes on pages 9 to 13 form part of these financial statements

These financial statements were approved and authorised for issue by the Board of Directors on 17 December 2012 and signed on its behalf by



G Peeters
Director

**Reconciliation of movements in shareholder's funds
for the year ended 31 December 2011**

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Shareholder's funds at beginning of the year	9	4,103	2,619
(Loss)/profit for the year	9	(1,589)	1,484
Shareholder's funds at end of the year		2,514	4,103

The notes on pages 9 to 13 form part of these financial statements

**Notes to the financial statements
for the year ended 31 December 2011****1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

a. Basis of preparation

The Company has available to it the resources and support of one of its intermediate parent companies, International Power plc. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

b. Cash flow statement

During the year ended 31 December 2011 the Company was a wholly owned subsidiary of International Power plc and was included in the consolidated financial statements of International Power plc. Therefore the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

c. Foreign currencies

Transactions denominated in foreign currencies arising in the normal course of business are translated into sterling at the exchange rate ruling on the date the transaction takes place unless related or matching forward foreign exchange contracts have been entered into, when the rate specified in the contract is used. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising in the normal course of business and on the translation of monetary assets and liabilities are dealt with in the profit and loss account.

d. Operating income

Operating income, which comprises income received by the Company under a technical services agreement with Tihama, is included in the profit and loss account by reference to the value of the work performed using the accrual basis.

e. Interest expense

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount.

f. Tax

UK corporation 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 periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the weighted average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**Notes to the financial statements
for the year ended 31 December 2011 (continued)**

1. Accounting policies (continued)

h. Amounts due from group undertakings

Amounts due from group undertakings are carried at amortised cost using the effective interest method less any allowance for estimated impairments

2. Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2010 £nil) directly attributable to their position within the Company. All Directors' fees or emoluments were paid by International Power plc and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated.

The Company had no employees during this financial year (2010 nil)

3. Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the year ended 31 December 2011 and 31 December 2010 was borne by International Power plc

The auditor's remuneration was as follows

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Auditor's remuneration for the year	1,500	2,830

4. Interest receivable and similar income

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest receivable from group undertakings	112	58
Foreign exchange gains	17	41
	129	99

5. Tax charge/(credit) on loss/profit on ordinary activities

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Analysis of charge/(credit) in the year		
UK corporation tax	380	402
Prior year tax adjustment	-	(452)
	380	(50)
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(1,209)	1,434
Current tax (credit)/charge at 26.5% (2010: 28%)	(320)	402
Prior year tax adjustment for group relief received for nil payment	-	(452)
Non-deductible exceptional item	700	-
Total current tax charge/(credit)	380	(50)

Notes to the financial statements
for the year ended 31 December 2011 (continued)

5. Tax charge/(credit) on profit on ordinary activities (continued)

The current year applicable statutory tax rate of 26.5% represents a weighted average rate based on 28% applicable for the three months to 31 March 2011, and 26% applicable from 1 April 2011

6. Debtors amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Amounts due from group undertakings-interest	15	12
Amounts due from group undertakings-loan	3,863	5,075
	<u>3,878</u>	<u>5,087</u>

Following an agreement dated 27 October 2011 between the shareholders of Tihama and an amendment agreement to the technical services agreement dated 26 April 2012 between the Company and Tihama, it was agreed that the technical services fees were no longer payable. As a result, a provision for £2,645,000 was recognised in respect of the amount owed by Tihama as at 31 December 2011

7. Creditors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Corporation tax	1,364	984
	<u>1,364</u>	<u>984</u>

8. Called up share capital

	31 December 2011 £	31 December 2010 £
Allotted, called up and fully paid		
1 ordinary share of £1.00	<u>1</u>	<u>1</u>

9. Capital and reserves

	Share capital £'000	Share premium account £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 1 January 2011	-	-	-	4,103	4,103
Loss for the year	-	-	-	(1,589)	(1,589)
Balance as at 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,514</u>	<u>2,514</u>

Notes to the financial statements
for the year ended 31 December 2011 (continued)

9. Capital and reserves (continued)

	Share capital £'000	Share premium account £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 1 January 2010	-	-	-	2,619	2,619
Profit for the year	-	-	-	1,484	1,484
Balance as at 31 December 2010	-	-	-	4,103	4,103

10. Related party disclosure

As at 31 December 2011 and 31 December 2010 the Company was a wholly owned subsidiary of International Power Holdings Limited, which was controlled by International Power plc. The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are wholly owned by International Power plc.

During the year transactions and balances with non-wholly owned entities were as follows

Amounts charged to/(received from) related party

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Other income		
Tihama Power Generation Company Limited	1,307	1,335
Loans (advanced to)/repaid by the Company		
Tihama Power Generation Company Limited	(436)	(454)
	As at 31 December 2011 £'000	As at 31 December 2010 £'000
Amounts due from related parties		
Tihama Power Generation Company Limited (before provision)	2,645	3,112
	2,645	3,112

Tihama Power Generation Company Limited is an entity in which the International Power group holds a 60% interest in ordinary shares.

The consolidated financial statements of International Power plc within which this Company is included, can be obtained from the address given in note 11.

11. Controlling party and ultimate parent undertaking

The Company's immediate parent undertaking is International Power Holdings Limited, the registered address of which is Senator House, 85 Queen Victoria Street, London EC4V 4DP, United Kingdom.

With effect from 3 February 2011, following the reverse acquisition of International Power plc by GDF SUEZ S.A. on that date, the Directors consider the Company's ultimate holding company to be GDF SUEZ S.A. which was incorporated in France and is headquartered in Paris, France. The largest group in which the results of the Company were consolidated for the year ended 31 December 2011 was that headed by GDF SUEZ S.A. Copies of its consolidated financial statements are available from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

**Notes to the financial statements
for the year ended 31 December 2011 (continued)****11. Controlling party and ultimate parent undertaking (continued)**

For the period from 1 January 2011 to 2 February 2011, the ultimate parent company was International Power plc incorporated in the United Kingdom. The smallest group in which the results of the Company were consolidated for the year ended 31 December 2011 was that headed by International Power plc, incorporated in the United Kingdom. The consolidated financial statements of International Power plc may be obtained by calling or writing to International Power plc, Senator House, 85 Queen Victoria Street, London EC4V 4DP or by sending an email to ipr.relations@iprplc-gdfsuez.com, telephone +44 (0)20 7320 8600.

12. Events after the end of the reporting period

On 1 January 2012, following a change in the Company's primary economic environment from pounds sterling to euro, the local currency of the Company changed to euro. The presentation currency of future individual financial statements of the Company will also be euro.

Following an agreement dated 27 October 2011 between the shareholders of Tihama and an amendment agreement to the technical services agreement dated 26 April 2012 between the Company and Tihama, it was agreed that the technical services fees were no longer payable. As a result, a provision for £2,645,000 was recognised in respect of the amount owed by Tihama as at 31 December 2011.