

TGPP 1 Limited

Report and Financial Statements

31 December 2012



Directors

A Heppel
D Revers
C Picotte

Secretary

Jordan Company Secretaries Limited

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Registered Office

20-22 Bedford Row
London
WC1R 4JS

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £2.5 million (2011 – £0.2 million). During the year a £10m dividend was declared (2011 – £nil).

Principal activity and review of the business

The principal activity of the company during the year was that of an investment company.

Principal risks and uncertainties

Given its position within the Teesside Gas Processing Plant Limited group of companies and as the Company is purely an intermediary holding company within the Group, it is not considered to face any singular risks or uncertainties beyond those of being a member of the aforesaid group.

Going Concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors.

Directors

The directors who served the company during the year were as follows:

M R Brown	(resigned 18 Dec 2012)
A Heppel	
J Van der Schee	(resigned 18 Dec 2012)
A Zambelli	(resigned 18 Dec 2012)
D Revers	(appointed 18 Dec 2012)
C Picotte	(appointed 18 Dec 2012)

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 fellow directors and the company's auditor, each director has taken all the steps that he/she is 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.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Andy Heppel
Director

10th May 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). 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 proper 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 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 members of TGPP 1 Limited

We have audited the financial statements of TGPP 1 Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 9. 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 Directors' Responsibilities Statement set out on page 3, 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 Report and Financial Statements 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 the 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 2012 and of its profit 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 matter 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.

Independent auditor's report (continued)

to the members of TGPP 1 Limited

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



Mark Hatton (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Newcastle upon Tyne

14 May 2013

Profit and loss account

for the year ended 31 December 2012

	<i>Notes</i>	<i>2012 £000</i>	<i>2011 £000</i>
Turnover		—	—
Cost of sales		—	—
		<hr/>	<hr/>
Operating Profit		—	—
Interest receivable and similar income		2,612	2,605
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,612	2,605
Tax	2	(66)	(2,369)
		<hr/>	<hr/>
Profit for the financial year	7	2,546	236
		<hr/>	<hr/>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £2,546,000 in the year ended 31 December 2012 (2011 – £236,000)

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	3	24,623	24,622
		<u>24,623</u>	<u>24,622</u>
Current assets			
Debtors	4	29,507	26,896
Creditors: amounts falling due within one year	5	(18,121)	(8,055)
Net current assets		<u>11,386</u>	<u>18,841</u>
Net assets		<u>36,009</u>	<u>43,463</u>
Capital and reserves			
Called up share capital	6	—	—
Profit and loss account	7	36,009	43,463
Shareholders' funds	7	<u>36,009</u>	<u>43,463</u>

The financial statements were approved and authorised for issue by the Board on 10th May 2013 and were signed on its behalf by


Andy Heppel
Director

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Group financial statements

The company has taken advantage of exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as the company is a 100% subsidiary of a UK company, Teesside Gas Processing Plant Limited, which prepares group financial statements which are publicly available. Accordingly, these financial statements represent the activities of the company only.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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.

Notes to the financial statements

at 31 December 2012

2. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2012 £000	2011 £000
<i>Current tax</i>		
UK corporation tax on the profit for the year	66	2,320
Total current tax (note 2(b))	66	2,320
<i>Deferred tax</i>		
Origination and reversal of timing differences	—	48
Changes in tax rate of opening liability	—	1
Total deferred tax	—	49
Tax charge on profit on ordinary activities	66	2,369

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 – higher than) the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	2,612	2,605
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	640	690
<i>Effects of</i>		
Non taxable income	(634)	—
Utilisation of brought forward tax losses	—	(48)
Adjustments in respect of prior periods	66	—
Group relief received for nil payment	(6)	(27)
Group relief claimed	—	1,705
Current tax for the period (note 2(a))	66	2,320

Notes to the financial statements

at 31 December 2012

2. Tax (continued)

Factors affecting future tax charges

In the Budget Speech on 21 March 2012 the chancellor announced that the rate from 1 April 2012 would be reduced to 24% from the previous 26% rather than the enacted rate of 25%. Hence a hybrid rate of 24.5% has been applied to determine current tax liabilities. A further reduction to 23% was substantively enacted on 3 July 2012.

Proposed further changes to reduce the rate of UK corporation tax to 21% from 1 April 2014 were included in the Autumn Statement but these changes had not been substantively enacted by the balance sheet date. In the Budget Speech on 20 March 2013 the UK government announced that the main rate of corporation tax will be reduced to 20% by 1 April 2015.

3. Investments

*Investments other
than loans
£000*

At 1 January 2012 and at 31 December 2012

24,623

The company's investments at the balance sheet date in the share capital of companies include the following

Teesside Gas & Liquids Processing

Nature of business Extraction, processing and sale of liquids from natural gas

Class of shares

Ordinary shares

%
holding
99.00

Liability status Unlimited

Notes to the financial statements

at 31 December 2012

4. Debtors

	2012	2011
	£000	£000
Amounts owed by subsidiary undertaking	29,507	26,896
	<u>29,507</u>	<u>26,896</u>

5. Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to parent company	15,985	5,985
Amounts owed to group undertakings	323	323
Group relief payable	1,813	1,747
	<u>18,121</u>	<u>8,055</u>

6. Issued share capital

	2012		2011	
<i>Allotted, issued and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	100	100	100	100
		<u>100</u>		<u>100</u>

7. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	£000	£000	£000
At 1 January 2011	—	43,227	43,227
Profit for the year	—	236	236
At 1 January 2012	—	43,463	43,463
Profit for the year	—	2,546	2,546
Dividends	—	(10,000)	(10,000)
At 31 December 2012	—	36,009	36,009

Notes to the financial statements

at 31 December 2012

8. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Teesside Gas Processing Plant Limited group

9. Ultimate parent undertaking and controlling party

TGPP 1 Limited is a wholly owned subsidiary of Teesside Gas Processing Plant Limited

The only group in which group financial statements are prepared is that headed by Teesside Gas Processing Plant Limited. Information in respect of the group financial statements can be obtained from 20-22 Bedford Row, London WC1R 4JS

The accounts of the company therefore present information about the company as an individual undertaking

Following the acquisition of the TGPP Group on December 19th 2012, the Company's ultimate controlling party is ArcLight Energy Partners Fund V, L P registered in the state of Delaware USA, which is a fund managed by ArcLight Capital Partners, LLC headquartered in Boston, Massachusetts

The Company will form part of the North Sea Midstream Partners Group, whose consolidated accounts will be made up to 31st December 2013