THAMES VALLEY POWER LIMITED

Registered Number 3041643

ANNUAL REPORT AND FINANCIAL STATEMENTS

27 JULY 2010

THAMES VALLEY POWER LIMITED
a joint venture between

EDF ENERGY & ATCO Power

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Directors

Neil McDermott
Ben Fawcett
David Tomblin
Peter A Rosenthal
Roger Urwin
John W Ell

Alternate Directors

John Cockin
Michael D Jones
Jiri Opocensky
Siegfried Willi Kiefer

Company Secretary

Joe Souto

Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered Office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the period ended 27 July 2010

Principal activity and review of the business

The Company is a 50/50 joint venture arrangement between EDF Energy (Energy Branch) plc and ATCO Power Generation Ltd

The Company's principal activity during the period continued to be electrical power generation and supply of heat The Company's 15 year agreement with Heathrow Airport Ltd expired on 27 July 2010, at which point the Company ceased trading and is expected to remain non-trading for the foreseeable future

As a result, the financial statements have been prepared on a basis other than that of a going concern

The Company's accounting reference period has been shortened to end on 27 July 2010 in order to produce audited financial statements for the trading period only

Results and dividends

The profit for the period, before taxation, amounted to £4,848,000 (2009 £5,204,000) and, after taxation, to £3,481,000 (2009 £3,740,000) Dividends of £2,800,000 were paid in the period (2009 £2,736,000)

Directors and their interests

Directors who held office during the period and subsequently except as noted, were as follows

Directors

Nigel Beresford	(resigned 10 November 2010)
Cheryl W H Chan	(resigned 8 April 2011)
John L Norton	(resigned 18 January 2011)
Dave Williams	(resigned 10 November 2010)
Neil McDermott	(appointed 10 November 2010)
Ben Fawcett	(appointed 10 November 2010)
David Tomblin	
Roger Urwin	(appointed 18 January 2011)
Peter A Rosenthal	
John W Ell	(appointed 11 January 2011)
Ian A Smith	(resigned 11 January 2011)

Alternate Directors

John Cockin	(appointed 10 November 2010)
Michael D Jones	
Siegfried Willi Kiefer	(appointed 11 January 2011)
Jiri Opocensky	(appointed 11 January 2011)
Michael J Ousby	(resigned 31 July 2010)
Nigel Beresford	(resigned 11 February 2011)
Richard J Brouwer	(resigned 11 January 2011)
Murray R Paterson	(resigned 10 November 2010)
Nancy C Southern	(resigned 11 January 2011)

None of the Directors has a service contract with the Company They are engaged either by EDF Energy plc or ATCO Power Generation Ltd or one of their associates

There are no contracts of significance during or at the end of the financial period in which a Director of the Company had a material interest

The Shareholder Companies or their affiliates have made qualifying third party indemnity provisions for the benefit of their Directors which were made during the period and remain in force at the date of this report

DIRECTORS' REPORT continued

Creditors payment policy

The Company's current policy concerning the payment of its trade creditors and other suppliers is to

- agree the terms of payment with those creditors/suppliers when agreeing the terms of each transaction,
- ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with its contractual and other legal obligations

The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception At 27 July 2010, the trade creditor amount outstanding represented an average of 6 days purchases (2009 3 days)

Political and charitable contributions

During the period, the Company made no charitable contributions (2009 £nil) and no political contributions (2009 £nil)

Disclosure of information to Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

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

Auditors

On 26 July 1999 the Company passed an elective resolution dispensing with the requirement to appoint auditors annually In accordance with s 487 of the Companies Act 2006, Deloitte LLP are deemed re-appointed until such time as the members or the Directors determine otherwise

By order of the Board

David Tomblin
Director
14 July 2011

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 and 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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 AUDITORS' REPORT TO THE MEMBERS OF THAMES VALLEY POWER LIMITED

We have audited the financial statements of Thames Valley Power Limited for the period ended 27 July 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18 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 auditors' 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, 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 annual 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 27 July 2010 and of its profit for the period 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

Emphasis of matter - financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

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 AUDITORS' REPORT TO THE MEMBERS OF THAMES VALLEY POWER LIMITED continued

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Bevan Whitehead (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
14 July 2011

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 27 JULY 2010

	Notes	Period ended 27 July 2010 £000	2009 £000
Turnover	2	**7,791**	10,921
Cost of sales		**(2,753)**	(3,339)
Gross profit		**5,038**	7,582
Administrative expenses		**(992)**	(2,371)
Other operating income		**200**	-
Operating profit	3	**4,246**	5,211
Profit on sale of tangible fixed assets		**600**	-
Interest receivable and similar income	5	**6**	12
Interest payable and similar charges	6	**(4)**	(19)
Profit on ordinary activities before taxation		**4,848**	5,204
Tax on profit on ordinary activities	7	**(1,367)**	(1,464)
Profit for the financial period	15	**3,481**	3,740

All results are derived from operations which are discontinued

There were no recognised gains or losses in either period other than the profit for that period and hence no statement of total recognised gains and losses has been presented

BALANCE SHEET
AT 27 JULY 2010

	Notes	27 July 2010 £000	2009 £000
Fixed assets			
Tangible assets	8	-	510
Current assets			
Stock	9	-	214
Debtors	10	2,017	2,134
Cash at bank and in hand		5,222	4,609
		7,239	6,957
Creditors amounts falling due within one year	11	(2,298)	(3,172)
Net current assets		4,941	3,785
Total assets less current liabilities		4,941	4,295
Provisions for liabilities and charges	12	-	(35)
Net assets		4,941	4,260
Capital and reserves			
Called up share capital	14	2,020	2,020
Profit and loss account	15	2,921	2,240
Shareholders' funds	15	4,941	4,260

The financial statements of Thames Valley Power Limited, registered number 3041643 on pages 7 to 15, were approved by the Board of Directors on 14 July 2011 and were signed on its behalf by

David Tomblin
Director

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 27 JULY 2010

	Notes	Period ended 27 July 2010 £000	2009 £000
Net cash inflow from operating activities	*16a*	**4,213**	7,601
Returns on investments and servicing of finance			
Proceeds on sale of tangible fixed assets		**600**	-
Interest received		**6**	12
Interest payable		**(4)**	(19)
Taxation			
UK corporation tax		**(1,402)**	(1,934)
Net cash inflow before financing		**3,413**	5,660
Financing			
Equity dividend paid	*13*	**(2,800)**	(2,736)
Increase in cash		**613**	2,924
Net cash at 1 January		**4,609**	1,685
Net cash at 27 July and 31 December	*16b*	**5,222**	4,609

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are set out below They have all been applied consistently throughout the period and the preceding year

Basis of preparation

These financial statements have been prepared on a consistent basis under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

As explained in the Directors' Report, the Company ceased trading during the period As required by FRS 18 *Accounting Policies*, the Directors have prepared the financial statements on the basis that the Company is no longer a going concern No material adjustments arose as a result of ceasing to apply the going concern basis

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable No adjustments arose following this impairment review

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost over the shorter of their estimated useful economic lives or the period remaining to the date of expiry of the contract on 27 July 2010 The estimated useful economic lives of each major class of asset are

Plant and machinery	–	15 years
Lease premium	–	15 years
IT equipment	–	3 years

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Provisions are made for obsolete, slow moving or defective items where appropriate

Taxation

Current tax, including 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, or a right to pay less, tax in the future, have occurred at the balance sheet date with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, this is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses,
- provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses, and
- 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 difference can be deducted

Deferred tax is measured on an undiscounted basis

NOTES TO THE FINANCIAL STATEMENTS continued

2. Turnover

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the activity of electrical power generation and supply of heat

3. Operating profit

This is stated after charging	**Period ended 27 July 2010 £000**	2009 £000
Depreciation of fixed assets – owned	**510**	880

In 2010 an amount of £10,000 (2009 £10,000) was payable to Deloitte LLP for audit services relating to the Company In 2010, amounts payable to Deloitte LLP by the Company in respect of non-audit services were £nil (2009 £nil) The Company had no employees in 2010 (2009 none)

4. Directors' emoluments

None of the Directors received any remuneration from the Company during or in respect of the period or the preceding year Each of them has been nominated either by EDF Energy (Energy Branch) plc or by ATCO Power Generation Ltd

No Directors held any interests in the shares or debentures of the Company in either period

5. Interest receivable and similar income

	Period ended 27 July 2010 £000	2009 £000
Other interest receivable – bank deposits	**6**	12

6. Interest payable and similar charges

	Period ended 27 July 2010 £000	2009 £000
Other interest payable	**4**	19

NOTES TO THE FINANCIAL STATEMENTS continued

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

UK current tax

	Period ended 27 July 2010 £000	2009 £000
UK corporation tax charge on profit for the period	**1,404**	1,663
Adjustment in respect of prior years	**(2)**	-
Total current tax charge (note 7(b))	**1,402**	1,663

UK deferred tax

	Period ended 27 July 2010 £000	2009 £000
Origination and reversal of timing differences	**(34)**	(199)
Effect of decreased tax rate on opening liability	**(1)**	-
Total deferred tax credit	**(35)**	(199)
Total tax charge on profit on ordinary activities	**1,367**	1,464

The Finance Bill 2010 was published on 1 July 2010 and included a reduction in the main rate of corporation tax for the financial year beginning 1 April 2011 from 28% to 27%

This tax law change was substantively enacted in the House of Commons on 21 July and received Royal Assent on 27 July 2010 and has therefore been reflected where appropriate in these financial statements

The Finance Act 2011 announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2011 from 27% to 26% This tax law change was substantially enacted in the House of Commons on 29 March 2011 and has therefore been disclosed where appropriate

The Finance Act 2011 also announced a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 26% to 25%

NOTES TO THE FINANCIAL STATEMENTS continued

7. Tax on profit on ordinary activities continued

(b) Factors affecting tax charge for the period

	Period ended 27 July 2010 £000	2009 £000
The tax assessed for the period is higher (2009 higher) than the standard rate of corporation tax in the UK		
The differences are explained below		
Profit on ordinary activities before tax	**4,848**	5,204
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**1,357**	1,457
Effect of		
Disallowed expenses	**12**	7
Depreciation in excess of capital allowances	**35**	199
Adjustment in respect of prior years	**(2)**	-
Current tax charge for the period	**1,402**	1,663

8 Tangible fixed assets

	Plant and machinery £000	Lease premium £000	IT equipment £000	Total £000
Cost				
At 1 January 2010	10,699	1,390	80	**12,169**
Disposals	(9,675)	-	-	**(9,675)**
At 27 July 2010	**1,024**	**1,390**	**80**	**2,494**
Depreciation				
At 1 January 2010	(10,242)	(1,337)	(80)	**(11,659)**
Charge for the period	(457)	(53)	-	**(510)**
Disposals	9,675	-	-	**9,675**
At 27 July 2010	**(1,024)**	**(1,390)**	**(80)**	**(2,494)**
Net book value				
At 27 July 2010	-	-	-	-
At 31 December 2009	457	53	-	510

9. Stock

	27 July 2010 £000	2009 £000
Raw materials and consumables	-	214

There is no material difference between the balance sheet value of stock and its replacement value

NOTES TO THE FINANCIAL STATEMENTS continued

10. Debtors

	27 July 2010 £000	2009 £000
Debtors. amounts falling due within one year		
Trade debtors	**202**	-
Other debtors	**-**	92
Prepayments and accrued income	**1,815**	2,042
	2,017	2,134

11. Creditors: amounts falling due within one year

	27 July 2010 £000	2009 £000
Trade creditors	**473**	21
Corporation tax	**900**	974
Other taxation and social security	**374**	241
Accruals and deferred income	**551**	565
Other creditors	**-**	1,371
	2,298	3,172

12. Provisions for liabilities

The movements in provisions during the current year are as follows

	At 1 January 2010 £000	Utilised during the period £000	At 27 July 2010 £000
Deferred tax	35	(35)	**-**

Deferred taxation provided in the financial statements is as follows

	27 July 2010 £000	2009 £000
Accelerated capital allowances	**-**	35

13. Dividends

	Period ended 27 July 2010 £000	2009 £000
Ordinary dividends on equity shares (2010 £1 39 per share, 2009 £1 35 per share)	**2,800**	2,736

14. Share capital

Allotted, called up and fully paid

	27 July 2010 Number	2009 Number	27 July 2010 £000	2009 £000
Ordinary shares of £1 each	**2,020,000**	2,020,000	**2,020**	2,020

NOTES TO THE FINANCIAL STATEMENTS continued

15. Reconciliation of shareholders' funds

	Share capital £000	Profit and loss account £000	**Total shareholders' funds £000**
At 1 January 2009	2,020	1,236	**3,256**
Profit for the year	-	3,740	**3,740**
Ordinary dividend paid	-	(2,736)	**(2,736)**
At 1 January 2010	2,020	2,240	**4,260**
Profit for the period	-	3,481	**3,481**
Ordinary dividend paid	-	(2,800)	**(2,800)**
At 27 July 2010	**2,020**	**2,921**	**4,941**

16. Notes to the cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	Period ended 27 July 2010 £000	2009 £000
Operating profit	**4,246**	5,211
Depreciation of tangible fixed assets (see note 8)	**510**	880
Decrease in stocks	**214**	1
Decrease in debtors	**117**	161
(Decrease)/increase in creditors	**(874)**	1,348
Net cash inflow from operating activities	**4,213**	7,601

b) Analysis of net cash

	At 1 January 2010 £000	Cash flows £000	**At 27 July 2010 £000**
Cash in hand	4,609	613	**5,222**

17. Related parties

The Company is owned 50% by EDF Energy (Energy Branch) plc and 50% by ATCO Power Generation Ltd The shareholders have joint control over the Company's operating and financial policies

During the period, the cost of services provided to the Company by EDF Energy (London Heat and Power) Limited, a 100% subsidiary of EDF Energy (Energy Branch) plc, was £263,000 (2009 £254,000) At 27 July 2010 £nil (2009 £21,000) was due to EDF Energy (London Heat and Power) Limited

18. Parent undertakings and controlling parties

The Company is a 50/50 joint venture arrangement between EDF Energy (Energy Branch) plc and ATCO Power Generation Ltd The ultimate controlling parties are considered to be Électricité de France SA (EDF), a company incorporated in France and ATCO Ltd, a company incorporated in Canada