

KILLINGHOLME HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

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KILLINGHOLME HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 31 December 2010

1. Principal activities

The principal activity of Killingholme Holdings Limited ('the company') is to undertake investment business

2. Review of business and future developments

The financial statements have been drawn up for the 52 week period ended 31 December 2010. Comparative information has been presented for the 57 week period ended 31 December 2009. In the prior period, the company changed its accounting reference date to 31 December.

The company has reported a result of £nil for the 52 week period ended 31 December 2010 (57 week period ended 31 December 2009: £nil). The company has total assets of £294 (31 December 2009: £294).

The directors consider that the period end financial position of the company was satisfactory taking into account the continued support from its immediate parent undertaking (see note 1b). No significant change to the company's principal business activity is expected.

3. Dividends

The directors do not recommend the payment of a dividend in respect of the period (57 week period ended 31 December 2009: £nil).

4. Directors

The directors of the company who served throughout the period and to the date of this report were

Name

M A Allen

W T Gasson

S B Scobie

No director had, at the period end, any interest requiring note herein.

5. Financial risk management

The company's risk management objectives and policies, as well as its risk exposures, are described in note 11 to the financial statements.

6. 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 of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

KILLINGHOLME HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

7. 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 adequate 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 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.


8. Auditors

Prior to 1 October 2007, the company passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as auditors of the company pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of Schedule 3 to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007.

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 8 September 2011

BY ORDER OF THE BOARD



W T Grasson

Director

Independent auditors' report to the members of KILLINGHOLME HOLDINGS LIMITED

We have audited the financial statements of Killingholme Holdings Limited for the 52 week period ended 31 December 2010 which comprise the balance sheet and the related notes. 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).

Respective responsibilities of the directors and auditors

As explained more fully in the directors' report 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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.

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 2010 and of its result 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period 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.

Christopher Rowland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

9 September 2011

KILLINGHOLME HOLDINGS LIMITED

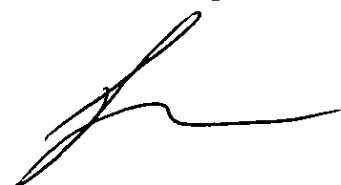
BALANCE SHEET

as at 31 December 2010

		31 December 2010	31 December 2009
	Note	£	£
FIXED ASSET INVESTMENT	5	-	-
CURRENT ASSETS			
Debtors	6	294	294
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(840,000)	(840,000)
NET CURRENT LIABILITIES		(839,706)	(839,706)
NET LIABILITIES		(839,706)	(839,706)
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Reserves	9	(839,708)	(839,708)
TOTAL SHAREHOLDER'S DEFICIT	10	(839,706)	(839,706)

The company received no income, nor incurred any expenses in the current or prior period, and therefore no profit and loss account or separate statement of total recognised gains and losses has been presented

The financial statements were approved by the Board of Directors on 8 September 2011 and signed on its behalf by



W. T. Olsson

Director

The notes on pages 5 to 7 form an integral part of these financial statements
Independent Auditors' report – page 3
Company number 3929730

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, the accounting policies set out below, and in accordance with the Companies Act 2006 and applicable accounting standards

b. Going concern

The company has net liabilities as at 31 December 2010 Goldman Sachs Group Holdings (U K), the immediate parent company (see note 13) has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due As a result, the directors have prepared these accounts on a going concern basis

c. Fixed asset investments

Fixed asset investments comprise an investment in a group undertaking and is stated at cost less provision for any impairment

d. Reporting and disclosure exemption

i. FRS1 - Cash flow statements

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc , whose consolidated accounts include the company and are publicly available and is, therefore, exempt from preparing a cash flow statement as required by FRS1 - Cash flow statements

ii. FRS8 - Related party disclosures

The company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc , whose consolidated accounts include the company and are publicly available As a result, under the terms of paragraph 3(c) of FRS8 - Related party disclosures, the company is exempt from disclosing transactions with companies also wholly owned within the group There were no other related party transactions requiring disclosure

2. AUDITORS' REMUNERATION

The auditors' remuneration for the current period of £4,000 (57 week period ended 31 December 2009 £6,300) has been borne by a group undertaking

3. STAFF COSTS

As in the prior period the company has no employees All persons involved in the company's operation are employed by group undertakings and no costs are borne by the company

4. DIRECTORS' EMOLUMENTS

The directors received no emoluments in respect of services as directors of the company in the current and prior period

All directors are members of the defined contribution pension scheme All directors are members of the defined benefit pension scheme All directors have been granted shares in respect of a long term incentive scheme One director has exercised options

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

5. FIXED ASSET INVESTMENT

Investment in group undertaking

Net Book Value

As at 31 December 2010 and 31 December 2009

£

-

Details of the company's associate is as follows

Name of company	Country of incorporation	Proportion of nominal value held	Number in issue	Class of shares held	Nature of business
Killingholme Generation Limited	England and Wales	0.0006%	1,652,279,663	Ordinary shares	Investment company
		0%	1,045,191,341	Redeemable shares	

6. DEBTORS

Debtors, all of which are due within one year of the balance sheet date, comprise

	31 December 2010	31 December 2009
	£	£
Amounts due from group undertaking	<u>294</u>	<u>294</u>

Amounts due from group undertaking in the current and prior period comprise cash balances of £294 held on account by a fellow group undertaking

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors, all of which are payable within one year of the balance sheet date, comprise

	31 December 2010	31 December 2009
	£	£
Amounts due to group undertaking	<u>840,000</u>	<u>840,000</u>

8. SHARE CAPITAL

At 31 December 2010 and 31 December 2009 share capital comprised

	31 December 2010	31 December 2009
	No. £	No. £
<u>Allotted, called up and fully paid</u>		
Ordinary Shares of £1 each	2 <u>2</u>	2 <u>2</u>
	<u>2</u>	<u>2</u>

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

9. RESERVES

	Other	Profit and loss account	Total
	£	£	£
At 31 December 2009	81,416,998	(82,256,706)	(839,708)
Result for the period	-	-	-
At 31 December 2010	81,416,998	(82,256,706)	(839,708)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	31 December 2010	31 December 2009
	£	£
Result for the period	-	-
Opening shareholder's deficit	(839,706)	(839,706)
Closing shareholder's deficit	(839,706)	(839,706)

11. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from current assets are not sufficient to fund the obligations arising from liabilities as they fall due (see note 1b). Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the directors consider liquidity risk is the most important component of financial risk relevant to the company. The company, as part of a global group, adheres to global risk management policies and procedures.

12. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the period end (31 December 2009 nil).

13. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking is Killingholme Power Group Limited and the parent undertaking of the smallest group for which consolidated financial statements are prepared is Goldman Sachs Group Holdings (U.K.), companies registered in England and Wales.

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. The principal place of business, from which copies of its accounts can be obtained, is 200 West Street, New York, NY 10282, United States of America. This company is incorporated in the United States of America.