

Company Number: 3929730

KILLINGHOLME HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2011



KILLINGHOLME HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2011

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 year ended 31 December 2011. Comparative information has been presented for the year ended 31 December 2010.

The profit and loss account for the year is set out on page 4. Profit on ordinary activities before taxation was £10,001 for the year ended 31 December 2011 (year ended 31 December 2010: £nil). The company has net current liabilities of £829,705 (31 December 2010: £839,706).

The directors consider that the year 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 year (year ended 31 December 2010: £nil).

4. Directors

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

Name

M A Allen

W T Gasson

S B Scobie

No director had, at the year 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 12 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. 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.

8. Statement of directors' responsibilities

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 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

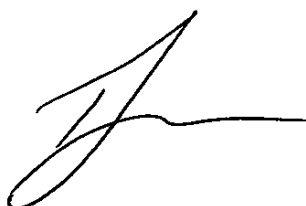
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare 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.

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 18 May 2012

BY ORDER OF THE BOARD



Director

W. T. Gessen

Independent auditors' report to the members of KILLINGHOLME HOLDINGS LIMITED

We have audited the financial statements of Killingholme Holdings Limited for the year ended 31 December 2011 which comprise the profit and loss account, 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' responsibilities statement (set out on page 2) 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.

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. 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 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.

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.



Alastair Findlay

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

18 May 2012

KILLINGHOLME HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

		Year Ended 31 December 2011	Year Ended 31 December 2010
	Note	£	£
Profit on disposal of group undertaking	6	10,001	-
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,001	-
Tax on profit on ordinary activities	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	10	10,001	-

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

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

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

The notes on pages 6 to 9 form an integral part of these financial statements
Independent Auditors' report – page 3

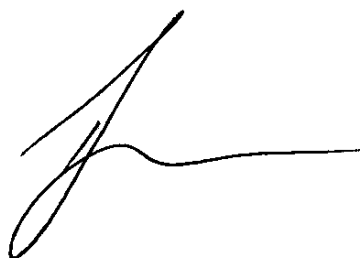
KILLINGHOLME HOLDINGS LIMITED

BALANCE SHEET

as at 31 December 2011

		31 December 2011	31 December 2010
	Note	£	£
FIXED ASSETS			
Investment in group undertaking	6	-	-
CURRENT ASSETS			
Debtors	7	10,295	294
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(840,000)	(840,000)
NET CURRENT LIABILITIES		(829,705)	(839,706)
NET LIABILITIES		(829,705)	(839,706)
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Other reserves	10	(829,707)	(839,708)
TOTAL SHAREHOLDER'S DEFICIT	11	(829,705)	(839,706)

The financial statements were approved by the Board of Directors on 18 May 2012 and signed on its behalf by



Director

W. T. Gasson

The notes on pages 6 to 9 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 2011

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 in the United Kingdom. The principle accounting policies are set out below and have been applied consistently throughout the year.

b. Going concern

The company has net liabilities as at 31 December 2011. Goldman Sachs Group Holdings (U K), a fellow group undertaking (see note 14), 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 (Revised 1996) '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 (Revised 1996) '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 (year ended 31 December 2010 £4,000) has been borne by a group undertaking.

3. STAFF COSTS

As in the prior year 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 year.

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. No directors have exercised options.

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax charge for the year:

The tax charge for the current and prior year is nil

b. Factors affecting tax charge for the year:

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of UK corporation tax applicable to the company for the year of 26.5% (31 December 2010 28%) to the profit on ordinary activities before tax is as follows

	Year Ended 31 December 2011	Year Ended 31 December 2010
	£	£
Profit on ordinary activities before tax	10,001	-
Profit on ordinary activities multiplied by weighted average rate in the UK 26.5% (2010 28%)	2,650	-
Non taxable income	(2,650)	-
Current tax charge for the year	-	-

6. INVESTMENT IN GROUP UNDERTAKING

	£
Net Book Value	
As at 31 December 2011 and 31 December 2010	-

On 20 June 2011, the company sold its investment in Killingholme Generation Limited to Shire Funding Limited, a fellow group undertaking, for a total consideration of £10,001, resulting in a profit on disposal of £10,001 to the company

7. DEBTORS

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

	31 December 2011	31 December 2010
	£	£
Amounts due from group undertaking	10,295	294

Amounts due from group undertaking in the current year comprise cash balances of £10,295 held on account by a fellow group undertaking (31 December 2010 £294)

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

8. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	31 December 2011	31 December 2010
	£	£
Amounts due to group undertaking	840,000	840,000

9. CALLED UP SHARE CAPITAL

At 31 December 2011 and 31 December 2010 share capital comprised

	31 December 2011	31 December 2010
	No. £	No. £
Allotted, called up and fully paid		
Ordinary Shares of £1 each	2 2	2 2
	<u>2</u>	<u>2</u>

10. RESERVES

	Other	Profit and loss account	Total
	£	£	£
At 31 December 2010	81,416,998	(82,256,706)	(839,708)
Profit for the financial year	-	10,001	10,001
At 31 December 2011	81,416,998	(82,246,705)	(829,707)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	31 December 2011	31 December 2010
	£	£
Profit for the financial year	10,001	-
Net increase in shareholder's funds	10,001	-
Opening shareholder's deficit	(839,706)	(839,706)
Closing shareholder's deficit	(829,705)	(839,706)

12. 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.

KILLINGHOLME HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

13. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (31 December 2010 nil)

14. 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.