

NSMP HoldCo 2 Limited

Report and Financial Statements

31 December 2016

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COMPANIES HOUSE

Directors

A Heppel
D Revers
A Kuhnley
M Wagstaff

Secretary

Jordan Company Secretaries Limited

Auditor

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

Registered Office

20/22 Bedford Street
London
WC1R 4JS

Strategic report

The Directors present their Strategic report, Directors' report and financial statements for the year ended 31 December 2016.

Principal activity, review of the business and future developments

The principal activity of the Company during the year was that of an investment company. The Company was incorporated on 30 July 2015.

The result for the year was a profit before taxation of £66.8m (period ended 31 December 2015: loss of £133).

The Directors envisage that the nature and scale of the Company's activities will continue in the coming year.

Principal risks and uncertainties

Given its position within the NSMP Holdings 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.

Approved by the Board of Directors and signed on its behalf by



Andrew Heppel
Director
26 May 2017

Directors' report

Results and dividends

The profit for the year after taxation amounted to £66.8m (2015: loss of £106). A dividend of £66.8m (2015 – £nil) was received from the Company's direct subsidiary. A dividend of £66.8 million (2015 – £nil) was paid in the year.

Directors

The Directors who served the Company during the year and to the date of approval of the financial statements were as follows:

A Heppel
D Revers
M Wagstaff
A Kuhnley

Going Concern

The Directors have considered the Company's current and future prospects and its availability of financing, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis for preparation of these financial statements.

Disclosure of information to the auditor

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.

Re-appointment of auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the Company.

Approved by the Board of Directors and signed on its behalf by



Andrew Heppel
Director
26 May 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 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 Teesside Gas Processing Plant Limited

We have audited the financial statements of NSMP Holdco 2 Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, and the related notes 1 to 8. 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), including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'

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 4, 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

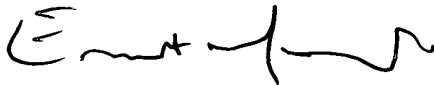
to the members of NSMP HoldCo 2 Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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
1 June 2017

Income statement

for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
Income from fixed asset investments		66,833	—
<i>Profit before taxation</i>	2	66,833	—
Tax on profit	3	—	—
<i>Retained profit for the year</i>		66,833	—

All amounts relate to continuing activities.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

There is no other comprehensive income other than the profit for the financial year.

Statement of changes in equity**for the year ended 31 December 2016**

	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
On incorporation	—	—	—
Retained profit for the period	—	—	—
At 31 December 2015	—	—	—
Issue of new shares	68,784	—	68,784
Retained profit for the year	—	66,833	66,833
Dividends paid	—	(66,833)	(66,833)
At 31 December 2016	68,784	—	68,784

Statement of financial position

at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	4	68,784	—
Current assets			
Debtors	5	66,834	—
Creditors: amounts falling due within one year	6	(66,834)	—
Net current assets		—	—
Net assets		68,784	—
Capital and reserves			
Called up share capital	7	68,784	—
Profit and loss account		—	—
Shareholders' funds		68,784	—

The financial statements of NSMP HoldCo 2 Limited were approved by the Board of Directors, authorised for issue and signed on its behalf by



Andrew Heppel
Director

26 May 2017

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies

Statement of compliance

NSMP HoldCo 2 Limited is a limited liability Company incorporated in England.

The Registered Office is:

20/22 Bedford Street

London

WC1R 4JS

The financial statements have been prepared in accordance with FRS102 as it applies to the financial statements of the Company for the year ended 31 December 2016.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared using accounting principles based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the Company and rounded to the nearest £000.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements has not required management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Going concern

The financial statements are prepared utilising the presumption of going concern which is assessed by the Directors for a period of at least 12 months from the date of approval of the financial statements. The documented assessment process is proportionate in depth and nature to the size, level of risk and complexity of the Company and its operations. The conclusion of the assessment can be found in the Directors' report.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Related party transactions

The Company has taken advantage of the exemptions given in FRS 102.33.1A and FRS102.33.7, not to disclose transactions with wholly owned related parties and key management personnel.

Dividends

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

2. Profit before taxation

The audit fee will be paid by the Company's parent on behalf of all Group companies. Disclosure of the fees paid to the auditor is included in the financial statements of NSMP Holdings Limited.

The Company has no employees. No Director received any remuneration in their capacity as Director of this Company for the year ended 31 December 2016.

Notes to the financial statements

for the year ended 31 December 2016

3. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2016 £000	2015 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	—	—
Total current tax	—	—
<i>Deferred tax:</i>		
Origin and reversal of timing differences	—	—
Total deferred tax	—	—
Total tax charge in the income statement	—	—

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 – the same as) the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	66,834	—
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	13,367	—
Effects of: Income not taxable	(13,367)	—
Total tax for the year (note 3(a))	—	—

(c) Factors affecting future tax charges

The standard rate of corporation tax in the United Kingdom for the year is 20% (2015: 20.25%). The Finance Act 2015 enacted a reduction in the main rate of corporation tax to 19% with effect from 1 April 2017, and the Finance Act 2016 enacted a further reduction to 17% with effect from 1 April 2020. Deferred tax has therefore been provided at a rate of 17%.

Notes to the financial statements

for the year ended 31 December 2016

4. Investments

	<i>Shares in group undertakings £000</i>
At 1 January 2016	–
Additions	68,784
At 31 December 2016	<u>68,784</u>

The Company's investments at the balance sheet date in the share capital of companies include the following (* denotes held indirectly):

NSMP (TGPP) Limited

Nature of business: Investment holding company	%
Class of shares:	holding
Ordinary shares	100

NSMP Operations Limited*

Nature of business: Extraction, processing and sale of liquids from natural gas	%
Class of shares:	holding
Ordinary shares	100

TGPP1 Limited*

Nature of business: Investment holding company	%
Class of shares:	holding
Ordinary shares	100

TGPP2 Limited*

Nature of business: Investment holding company	%
Class of shares:	holding
Ordinary shares	100

Teesside Gas Processing Plant Limited*

Nature of business: Extraction, processing and sale of liquids from natural gas	%
Class of shares:	holding
Ordinary shares	100

Teesside Gas & Liquids Processing*

Nature of business: (Unlimited company) Extraction, processing and sale of liquids from natural gas	%
Class of shares:	holding
Ordinary shares	100

Northern Gas Processing Limited*

Nature of business: Fractionation of natural gas liquids	%
Class of shares:	holding
Ordinary shares	100

Notes to the financial statements

for the year ended 31 December 2016

5. Debtors

	2016	2015
	£000	£000
Amounts owed by parent undertaking	66,834	—

6. Creditors

	2016	2015
	£000	£000
Amounts owed to subsidiary undertakings	66,834	—

7. Issued share capital

	2016	2016	2015	2015
<i>Allotted, issued and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
'A' Ordinary shares of £1 each	6,878,478	6,878,478	100	100

During the year, a further 6,878,378 ordinary shares with an aggregate nominal value of £6,878,378 were issued for consideration of £68,783,780.

The proceeds of the above subscriptions of £68.8m were then used to subscribe for further additional ordinary share capital in NSMP (TGPP) Limited.

8. Information about parent undertaking and ultimate controlling party

NSMP Holdco 2 Limited is a wholly owned subsidiary of North Sea Midstream Partners Limited, which in turn is a wholly owned subsidiary of NSMP Holdings Limited. Both of these companies are incorporated in Jersey.

NSMP Holdings Limited is the parent undertaking for the largest and smallest group of undertakings for which group financial statements are drawn up.

Copies of the group financial statements can be obtained from 13 Castle Street, St. Helier, JE4 5UT, Jersey.

The Company's ultimate controlling party is ArcLight Energy Partners Fund V, registered in the state of Delaware USA, which is a fund managed by ArcLight Capital Partners LLC headquartered in Boston, Massachusetts.