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**MORWELL FINANCIAL SERVICES PTY LTD**

**UK Registration No. FC 023832**

**A.C.N. 075 088 621**

**SPECIAL PURPOSE FINANCIAL REPORT**

**31 DECEMBER 2009**

Morwell Financial Services Pty Ltd, is a company limited by shares, incorporated in Australia  
Its registered office is

Level 37 Rialto North Tower  
525 Collins Street  
Melbourne  
Victoria 3000  
Australia

Its principal place of business is

Senator House  
85 Queen Victoria Street  
London EC4V 4DP  
United Kingdom

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**MORWELL FINANCIAL SERVICES PTY LTD  
SPECIAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

**Contents**

	Page
Directors' report	1
Income statement	2
Balance sheet	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6
Directors' declaration	12
Independent auditor's report	13

**MORWELL FINANCIAL SERVICES PTY LTD  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

The Directors submit their report, together with the financial report of Morwell Financial Services Pty Limited ("the Company") for the year ended 31 December 2009 and the auditor's report thereon

**Directors**

The Directors who held office during the year were as follows

A S J Ramsay  
P G Cox  
A P Concannon  
S Riley

**Principal activities**

The principal activity of the Company is an investment holding company. There was no significant change in the nature of this activity during the year.

**Business review**

As the company does not trade and acts simply as an extension of its parent company, the Directors have concluded that the primary economic environment is British sterling, being the functional currency of the parent company.

**Results and dividends**

The profit of the Company for the year after income tax amounted to £64,378 (31 December 2008: £54,887).

No dividends have been paid or provided for during the year ended 31 December 2009 (31 December 2008: £nil).

**Significant changes in the state of affairs**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

**Events subsequent to the reporting date**

There are no significant events after the balance sheet date to report.

**Future developments**

The long term continuation of the Company is under review.

**Directors' benefits**

During the financial year no director of the Company has received or become entitled to receive any benefits.

**Indemnification of officers**

The Company through global insurance arrangements has indemnified the Company's directors and officers against liabilities that may arise from their position as directors or officers of the Company.

On behalf of the Board



I M Irvine  
Company Secretary  
Date: 30 September 2010  
London

**MORWELL FINANCIAL SERVICES PTY LTD**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

	Notes	31 December 2009 £	31 December 2008 £
Finance income	4	93,368	84,524
Finance expense	5	<u>(3,954)</u>	<u>(7,759)</u>
<b>Profit before tax</b>		89,414	76,765
Income tax expense	6	<u>(25,036)</u>	<u>(21,878)</u>
<b>Profit for the year</b>		<u>64,378</u>	<u>54,887</u>

All results arose from continuing operations

The notes on pages 6 to 11 are an integral part of these financial statements

**Comprehensive Income**

The company had no comprehensive income during the current and previous financial year

**MORWELL FINANCIAL SERVICES PTY LTD**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

**Company No: FC023832**

	<b>Notes</b>	<b>31 December 2009 £</b>	<b>31 December 2008 £</b>
<b>Current assets</b>			
Trade and other receivables	7	27,512	134,731
Cash and cash equivalents	8	<u>574,004</u>	<u>483,290</u>
<b>Total current assets</b>		601,516	618,021
<b>Current liabilities</b>			
Creditors	9	<u>(52,870)</u>	<u>(133,753)</u>
<b>Net assets</b>		<u>548,646</u>	<u>484,268</u>
<b>Equity</b>			
Share capital	10	40	40
Retained earnings		<u>548,606</u>	<u>484,228</u>
<b>Total equity</b>		<u>548,646</u>	<u>484,268</u>

The notes on pages 6 to 11 are an integral part of these financial statements

**MORWELL FINANCIAL SERVICES PTY LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 January 2008	40	429,341	429,381
Profit for the year	-	54,887	54,887
<b>Balance as at 31 December 2008</b>	<b>40</b>	<b>484,228</b>	<b>484,268</b>
Balance as at 1 January 2009	40	484,228	484,268
Profit for the year	-	64,378	64,378
<b>Balance as at 31 December 2009</b>	<b>40</b>	<b>548,606</b>	<b>548,646</b>

The notes on pages 6 to 11 are an integral part of these financial statements

**MORWELL FINANCIAL SERVICES PTY LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

	Notes	31 December 2009 £	31 December 2008 £
<b>Net cash from operating activities</b>			
Decrease in other receivables		2,975	-
Increase in other payables		1,840	-
Net cash from operating activities	11	4,815	-
<b>Cash flows from investing activities</b>			
Interest received		23,458	30,241
<b>Cash flows from financing activities</b>			
Loan received from group undertaking		-	100,000
Loan granted to group undertaking		-	(100,000)
<b>Net increase in cash and cash equivalents</b>		28,273	30,241
Cash and cash equivalents at 1 January		483,290	408,633
Effect of foreign exchange rate changes thereon		62,441	44,416
<b>Cash and cash equivalents at 31 December</b>	8	574,004	483,290

The notes on pages 6 to 11 are an integral part of these financial statements

**MORWELL FINANCIAL SERVICES PTY LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

**1. Reporting Entity**

Morwell Financial Services Pty Ltd (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is Level 37 Rialto North Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia. The Company primarily is involved in investment holding.

In the Directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. The financial report of the Company has been drawn up as a Special purpose financial report solely for distribution to the Directors.

**2. Basis of preparation**

**a) Statement of compliance**

The financial report is a special purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standard Board ("AASB"). The special purpose financial report of the Company complies with International Financial Reporting standards and interpretations adopted by the International Accounting Standards Board (IASB) except for the exceptions noted at note 2(a) below.

The financial report has been prepared on the historical cost basis and on a going concern basis. It has been prepared in British sterling.

The financial report was authorised for issue by the directors on 30 September 2010.

The accounting policies used in the preparation of this financial report, as described below, are consistent with previous years, and are, in the opinion of the directors, appropriate to meet the needs of the members.

The financial report has been prepared in accordance with AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031 Materiality and AASB 1048 Interpretation and Application of Standards, and other applicable Accounting Standards, with the exception of the disclosure requirements of the following:

AASB 7	Financial Instruments Disclosure
AASB 112	Income Tax
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 132	Financial Instruments Presentation
AASB 139	Financial Instruments Recognition and Measurement

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



**2. Basis of preparation (continued)**

**b) New accounting standards and interpretations**

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 31 December 2009, but have not been applied in preparing this financial report.

- Revised AASB 101 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Company's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Company plans to provide an income statement and a separate statement of comprehensive income for its 2010 financial statements.

**3. Significant accounting policies**

**a) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**b) Foreign currencies**

The Company financial statements are presented in sterling, which is also its functional currency. This is principally determined by the primary economic environment in which the entity operates. Transactions entered into by the Company are translated into the functional currency at the exchange rate ruling at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rate ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency non-monetary items measured in terms of historical cost are translated at the rate of exchange at the date of the transaction.

**3 Significant accounting policies (continued)**

**c) Income tax**

Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**d) Auditor's remuneration**

The audit fees for the year ended 31 December 2009 are £7,163 (31 December 2008 £6,791) and will be borne by International Power plc, the Company's ultimate holding company.

**e) Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits which have an original maturity of three months or less.

**f) and other receivables**

Trade and other receivables are carried at amortised cost less any impairment losses recognised.

**g) Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately.

**h) Trade and other payables**

Intra-group payables are stated at their amortised cost.

**i) Capital management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns and maintain an optimal capital structure. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**MORWELL FINANCIAL SERVICES PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

	<b>31 December 2009 £</b>	<b>31 December 2008 £</b>
<b>4. Finance income</b>		
Bank interest	23,458	30,180
Interest income from group undertakings	3,954	7,759
Foreign exchange gains	65,956	46,585
	<u>93,368</u>	<u>84,524</u>
<b>5. Finance expenses</b>		
Interest charge from group undertakings	3,954	7,759
	<u>3,954</u>	<u>7,759</u>
<b>6. Income tax expense</b>		
<b>Current tax expense</b>		
Current year	25,036	21,878
	<u>25,036</u>	<u>21,878</u>
<b>Reconciliation between tax expense and pre-tax net profit</b>		
Profit from ordinary activities before income tax expense	89,414	76,765
Income tax using the domestic corporation tax rate of 28% (2008 28.5%)	25,036	21,878
<b>Income tax expense</b>	<u>25,036</u>	<u>21,878</u>
<b>7. Trade and other receivables</b>		
Amount due from group companies	27,512	131,756
Other receivables	-	2,975
	<u>27,512</u>	<u>134,731</u>

**MORWELL FINANCIAL SERVICES PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

	31 December 2009 £	31 December 2008 £
<b>8. Cash and cash equivalents</b>		
Cash at bank	357	312
Short term deposits	<u>573,647</u>	<u>482,978</u>
	<u>574,004</u>	<u>483,290</u>
<b>9. Creditors</b>		
UK corporation tax	51,030	25,994
Amounts due to group undertakings	-	107,759
Other payables	<u>1,840</u>	<u>-</u>
	<u>52,870</u>	<u>133,753</u>
<b>10. Share capital</b>		
<b>Authorised</b>		
10,000,000,000 Ordinary shares of AUD 1 each	<u>4,027,224,034</u>	<u>4,027,224,034</u>
<b>Issued and paid up capital</b>		
100 Ordinary shares of AUD 1 each	<u>40</u>	<u>40</u>
<b>11 Reconciliation of cash flows from operating activities</b>		
Profit for the year after income tax	64,378	54,887
Adjustments for		
Finance income	(93,368)	(84,524)
Finance expense	3,954	7,759
Income tax expense	25,036	21,878
Other receivables	2,975	-
Other payables	<u>1,840</u>	<u>-</u>
Net cash flow from operating activities	<u>4,815</u>	<u>-</u>

**MORWELL FINANCIAL SERVICES PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: FC023832**

**12. Reserves**

	Share capital £	Profit and loss account £	Total £
At 1 January 2009	40	484,228	484,268
Profit for financial year		64,378	64,378
As at 31 December 2009	40	548,606	548,646

	Share capital £	Profit and loss account £	Total £
At 1 January 2008	40	429,341	429,381
Profit for financial year		54,887	54,887
As at 31 December 2008	40	484,228	484,268

**MORWELL FINANCIAL SERVICES PTY LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

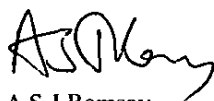
**Company No: FC023832**

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2009**

In the opinion of the Directors of Morwell Financial Services Pty Ltd ("the Company")

- (a) The Company is not a reporting entity,
- (b) The financial statements and notes set out on pages 2 to 11,
  - (i) present fairly the Company's financial position as at 31 December 2009 and of its performance as represented by the results of its operations and cash flows for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 to 3, and
  - (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Notes 1 to 3, and the *Corporations Regulations 2001*, and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors



A S J Ramsay

Director

London, 30 September 2010



## **Independent audit report to the members of Morwell Financial Services Pty Ltd**

### **Report on the financial report**

We have audited the accompanying financial report, being a special purpose financial report, of Morwell Financial Services Pty Ltd (the company), which comprises the statement of financial position as at 31 December 2009, and the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 12

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 3 to the financial statements, which form part of the financial report, and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 3, are appropriate to meet the needs of members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 3 to the financial statements so as to present a view which is consistent with our understanding of the company's financial position, and of its performance and cash flows.



The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

*Auditor's Opinion*

In our opinion the financial report presents fairly, in all material respects, the financial position of Morwell Financial Services Pty Ltd as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 3 to the financial statements.

A handwritten signature of 'KPMG' in black ink.

KPMG

A handwritten signature of 'Michelle Somerville' in black ink.

Michelle Somerville  
*Partner*

Melbourne

30 September 2010