

101276/30

Company number: FC 025667
Cayman company number: MC 142435

SCADBURY FUNDING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2008



SCADBURY FUNDING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for Scadbury Funding Limited ('the company') for the year ended 31 December 2008

1. Principal activities

The company was incorporated in the Cayman Islands as an exempted limited liability company under Cayman law

The principal activity of the company is to undertake investment business

2. Review of business and future developments

The profit and loss account for the year is set out on page 3. Loss on ordinary activities before taxation for the year was £27,294,000 (year ended 31 December 2007: loss of £4,989,000). The company has net assets of £317,988,000 (31 December 2007: £337,503,000).

The directors consider that the year-end financial position of the company was satisfactory taking into account the ongoing support of the immediate parent undertaking (see note 1(f)) and do not anticipate any significant changes in its activities in the forthcoming year.

3. Dividends

The directors did not declare interim ordinary dividends during the year (year ended 31 December 2007: £23,786,220). The directors do not recommend the payment of a final ordinary dividend in respect of the year (year ended 31 December 2007: £nil).

4. Directors

The directors of the company during the year, and as at the date of this report, together with dates of appointment or resignation where applicable, were -

Name	Appointed	Resigned
S Davies		15 January 2009
S B Scobie		
W T Gasson		
S A Collins	10 March 2009	

No director has, or had during the year, any interest requiring note herein.

5. Financial risk management

The company's risk management objectives and policies, as well as its risk exposure, are described in note 15 to the financial statements.

SCADBURY FUNDING LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

6. Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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 proper 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 1985, as applicable to overseas companies. 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.

BY ORDER OF THE BOARD



Secretary

N Russell

8 March 2010

SCADBURY FUNDING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interest receivable and similar income	3	-	21,065
Interest payable and similar charges	4	(27,294)	(26,054)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(27,294)	(4,989)
Taxation on loss on ordinary activities	6	7,779	7,816
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	11	(19,515)	2,827

The operating loss of the company is derived from continued operations in the current and prior period

There is no difference between the loss on ordinary activities before taxation and the (loss) / profit for the year as stated above and their historical cost equivalents

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

The notes on pages 5 to 10 form part of these financial statements

SCADBURY FUNDING LIMITED

BALANCE SHEET as at 31 December 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
FIXED ASSET INVESTMENTS			
Shares in group undertakings	7(a)	853,404	853,404
Other investments	7(b)	10	10
		<u>853,414</u>	<u>853,414</u>
CURRENT ASSETS			
Debtors	8	23,502	15,722
		<u>23,502</u>	<u>15,722</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	9	(558,928)	(531,633)
		<u>(558,928)</u>	<u>(531,633)</u>
NET CURRENT LIABILITIES			
		<u>(535,426)</u>	<u>(515,911)</u>
NET ASSETS			
		<u>317,988</u>	<u>337,503</u>
CAPITAL AND RESERVES			
Called up share capital	10	12	12
Share premium account	11	437,553	437,553
Other reserves	11	36,457	36,457
Profit and loss account	11	(156,034)	(136,519)
TOTAL SHAREHOLDERS' FUNDS	13	<u>317,988</u>	<u>337,503</u>

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

Director



8 March 2010

W.T. Gasson

8 March 2010

The notes on pages 5 to 10 form part of these financial statements

SCADBURY FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

1. ACCOUNTING POLICIES

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable Accounting Standards in the United Kingdom and pronouncements of the Urgent Issues Task Force (UITF)
- (b) **Income recognition:** Interest income and expense is accounted for on an accruals basis. Income from fixed asset investments is included in the profit and loss account when dividends are received
- (c) **Foreign currency:** Transactions denominated in foreign currencies are translated into sterling at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Gains and losses on exchange are recognised in the profit and loss account
- (d) **Fixed asset investments:** Fixed asset investments are held at cost less provisions for any permanent diminution in value. Any such provision is charged to the profit and loss account in the year in which it arises. Any premium/discount paid or received is amortised on a straight line basis
- (e) **Dividends:** Final equity dividends are recognised in the year that they are approved by the shareholders. Interim equity dividends are recognised in the year that they are paid. Equity dividends are distributed directly from shareholders' funds. Dividends on preference shares issued deemed liabilities are recognised as an interest expense in the profit and loss account and dividends received on preference shares held are recognised as interest income in the profit and loss account
- (f) **Going concern:** The company has net current liabilities of £535,426,000 as at 31 December 2008 (net current liabilities of £515,911,000 as at 31 December 2007). The principal current liability of the company represents an amount payable to a fellow group undertaking. The immediate parent undertaking 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
- (g) **Consolidation:** The company is a subsidiary undertaking of a company incorporated in England and Wales and has elected not to prepare group accounts in accordance with the dispensation set out in section 228(1) of the Companies Act 1985

2. CASHFLOW STATEMENT

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., and is therefore exempt from preparing a cash flow statement as required by FRS 1 'Cash flow statements' as the ultimate parent company accounts are publicly available

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interest receivable from group undertakings	-	21,064
Gilt interest (less amortisation of premium)	-	1
	-	21,065

Interest receivable from group undertakings for the prior year comprised fixed rate cumulative dividends paid on preference shares deemed liabilities. These fixed rate shares were repurchased by Scadbury II Assets Limited during the prior year

SCADBURY FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

4. *INTEREST PAYABLE AND SIMILAR CHARGES*

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interest payable to group undertakings (see note 9)	27,294	26,054

5. *STAFF COSTS*

The company has no employees (2007 nil). All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.

6. *TAXATION ON LOSS ON ORDINARY ACTIVITIES*

(a) Analysis of tax credit for the year:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Group relief receivable	7,779	7,816
Current tax credit for the year (see note 6(b))	7,779	7,816

(b) Factors affecting tax credit for the year:

The current tax assessed for the year is at the standard rate of corporation tax in the UK measured at 28.50% following the change in corporation tax rates from 1 April 2008 to 28% (31 December 2007 30%). The differences in the prior year are explained below.

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Loss on ordinary activities before tax	(27,294)	(4,989)
Loss on ordinary activities multiplied by standard rate in the UK (28.50%) (prior year 30%)	(7,779)	(1,497)
Non taxable income	-	(6,319)
Current tax credit for the year	(7,779)	(7,816)

SCADBURY FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

7. FIXED ASSET INVESTMENTS

(a) Shares in group undertakings at cost:

	£'000
As at 31 December 2008 and 31 December 2007	<u>853,404</u>

The principal subsidiaries of the company and the effective percentage ownership interests in the ordinary and redeemable shares held directly by the company at the year end are listed below

Name of Company	%	Number in Issue	Class	Nominal
Scadbury Assets	1	61,773	Ordinary shares	£0 01
Scadbury II Assets Limited	100	984,916	Ordinary shares	£0 01

Scadbury Assets is registered in England and Wales and Scadbury II Assets Limited is incorporated in the Cayman Islands

The subsidiaries over which the company exercises control via ordinary shares held by or on behalf of subsidiary undertakings is listed below

Name and activity	Holding company	%	No. in issue	Class	Nominal
Killingholme Generation Limited (investment company)	Scadbury II Assets Limited	50 32	1,652,279,663	Ordinary shares	£1
		0	1,045,191,341	Redeemable shares	£1
KPL Acquisitions Limited (investment company)	Killingholme Generation Limited	100	2,807,014,240	Ordinary shares	£0 00001
KPL Finance Limited (investment company)	Killingholme Generation Limited	100	1	Ordinary shares	£0 00001
GS Killingholme Cayman Investments Ltd (investment company)	KPL Acquisitions Limited	100	2,794,267,185	Class A	£0 00001
			12,747,054	Class C	£0 00001
GS Killingholme Cayman Investments II Ltd (investment company)	GS Killingholme Cayman Investments Ltd	100	1	Ordinary shares	US\$1
		100	2,805,073,918	Ordinary shares	£0 00001

Killingholme Generation Limited is registered in England and Wales. The remaining companies are registered in the Cayman Islands

The partnerships over which the company exercises control via partnership interest held by or on behalf of subsidiary undertakings is listed below

Name of Partnership	Holding Company	%
GS Killingholme Cayman Investments III	GS Killingholme Cayman Investments Ltd	0 01
	GS Killingholme Cayman Investments II Ltd	99 9
GS Killingholme Cayman Investments IV, L P	GS Killingholme Cayman Investments III (Limited Partner)	100 0
	GS Killingholme Cayman Investments Ltd (General Partner)	0 00
	Killingholme Generation Limited (Limited Partner)	0 00

SCADBURY FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

7. *FIXED ASSET INVESTMENTS (CONTINUED)*

(b) Other investments:

Gilts	£'000
As at 31 December 2008 and 31 December 2007	10

8. *DEBTORS*

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

	31 December 2008 £'000	31 December 2007 £'000
Amounts due from group undertakings	1,982	1,981
Group relief receivable	21,520	13,741
	23,502	15,722

Amounts due from group undertakings comprises cash balances held on account by a fellow group undertaking

9. *CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR*

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

	31 December 2008 £'000	31 December 2007 £'000
Group relief payable	246	246
Amounts due to group undertakings (see note (i))	556,747	525,494
Interest payable to group undertakings	1,935	5,893
	558,928	531,633

(i) Amounts due to group undertakings in the current period include a loan of £511,495,827 advanced by Goldman Sachs International on 17 November 2008. This loan is unsecured, carries interest at a rate of 2.4875% and was repaid by the company following the period end following the advancement of a further loan by fellow group undertakings.

In addition, on 3 July 2008, the company was advanced a loan of £50,000,000 by GS Killingholme Cayman Investments Ltd., and a further loan of £50,768,793 by GS Killingholme Cayman Investments II Ltd., both fellow group undertakings. These loans were unsecured, carried interest at a rate of 6.8021% and were repaid by the company during the period.

On 16 October 2008, the company was advanced a loan of £45,000,000 by Killingholme Generation Limited, a fellow group undertaking. The loan is unsecured, carries interest at 6.7844% and was repaid by the company during the period. On 17 November 2008, the company was advanced a further loan of £45,250,939 by Killingholme Generation Limited. The loan is unsecured, carries interest at 5.7975% and was repaid by the company in the following period.

Amounts due to group undertakings in the prior period comprised a loan of £525,493,800 advanced by Goldman Sachs International, a fellow group undertaking, on 15 November 2007. The loan was unsecured, carried interest at a margin over Libor and was repayable upon demand by the lender. This loan was repaid by the company during the period.

SCADBURY FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

10. SHARE CAPITAL

At 31 December 2008 and 31 December 2007, share capital comprised

	2008		2007	
	No.	£	No.	£
Authorised				
Ordinary shares of £0 01 each	1,998,800	19,988	1,998,800	19,988
Class A fixed rate shares of £0 01 each	600	6	600	6
Class B fixed rate shares of £0 01 each	600	6	600	6
Allotted, called up and fully paid				
Ordinary shares of £0 01 each	1,229,499	12,295	1,229,499	12,295
		12,295		12,295

11. SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £'000	Profit and loss account £'000	Other reserves £'000
As at 31 December 2007	437,553	(136,519)	36,457
Loss for the year	-	(19,515)	-
As at 31 December 2008	437,553	(156,034)	36,457

Other reserves consist of a capital contribution received from the immediate parent undertaking

12. DIVIDENDS PAID AND PAYABLE

	31 December 2008 £'000	31 December 2007 £'000
Dividends on equity shares		
- £0 01 ordinary shares	-	23,786
	-	23,786

13. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	31 December 2008 £'000	31 December 2007 £'000
(Loss) / profit for the year	(19,515)	2,827
Ordinary dividends paid	-	(23,786)
Issue of ordinary shares	-	328,300
Net (decrease) / increase in shareholders' funds	(19,515)	307,341
Opening shareholders' funds	337,503	30,162
Closing shareholders' funds	317,988	337,503

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NOTES TO THE FINANCIAL STATEMENTS – 31 December 2008

14. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the yearend (31 December 2007 Nil)

15. 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. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, liquidity risk and interest rate risk are the most important components of financial risk. The directors consider relevant to the entity. The company, as part of a global group, adheres to global risk management policies and procedures.

16. RELATED PARTY DISCLOSURES

Under the terms of paragraph 3(c) of FRS 8, 'Related Party Disclosures', the company is exempt from disclosing transactions with fellow group companies. There were no other related party transactions requiring disclosure.

17. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking is Scadbury UK Limited and the parent company 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 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. On 21 September 2008, The Goldman Sachs Group, Inc. became a bank holding company regulated by the Board of Governors of the Federal Reserve System under the US Bank Holding Company Act of 1956.