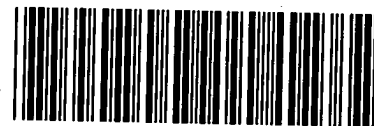


Third Energy Trading Limited

Financial Statements

for the year ended 31 December 2014

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Company Registration No. 05721316

Third Energy Trading Limited

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for the year ended 31 December 2014

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Third Energy Trading Limited

Company information

for the year ended 31 December 2014

Directors	R Valand JAG Dewar DJ Robottom
Secretary	Pinsent Masons Secretarial Limited
Registered office	Knapton Generating Station East Knapton Malton North Yorkshire YO17 8JF
Registered number	05721316
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Third Energy Trading Limited

Directors' report

The directors submit their report and the financial statements of Third Energy Trading Limited for the year ended 31 December 2014.

Principal activities

The principal activity of the Company continues to be the generation of electricity at a gas turbine electricity generating station located at Knapton, North Yorkshire.

Review of the business

The Company has taken advantage of the small companies exemption not to prepare a strategic report.

The results for the year are shown on page 6 and are summarised as follows:

	2014	2013
	£	£
Turnover	<u>2,084,585</u>	<u>1,860,542</u>
Loss for the financial year	<u>(429,758)</u>	<u>(946,660)</u>

The directors do not recommend the payment of a dividend.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The company forms part of an operating model that includes other entities within the Group to which the Company belongs so the Directors review the going concern of the Company as part of a review of the Group as a whole. As such, the directors have reviewed the Group's forecasts for the period to 30th September 2016 which incorporate all firm commitments in accordance with the Group's business plans and which confirm that the Company can rely on the support of its parent company, Third Energy Holdings Limited. The directors believe that, with the continued support of its parent company, the Company can continue as a going concern, and has the necessary funding available to ensure that it continues to trade on the going concern basis, for the reasonably foreseeable future.

Directors

The directors who have held office since 1st January 2014 are set out below:

Mr R Valand
Mr JAG Dewar
Mr DJ Robottom

Third Energy Trading Limited

Directors' report

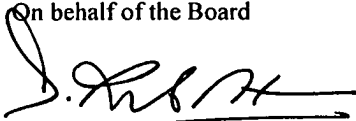
Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



David Robottom
Director

29 September 2015
Knapton Generating Station
East Knapton
Malton
North Yorkshire
YO17 8JF

Third Energy Trading Limited

Directors' responsibilities in the preparation of financial statements

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 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 adequate 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 Third Energy Trading Limited

We have audited the financial statements of Third Energy Trading Limited (the Company) for the year ended 31 December 2014 set out on pages 6 to 13. 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).

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 more fully explained in the Director's Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2014 and of the loss 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 by the parent company, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Mark Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

30 September 2015

Third Energy Trading Limited

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	<i>1</i>	2,084,585	1,860,542
Cost of sales		(1,906,808)	(2,012,182)
Gross Profit/(loss)		<u>177,777</u>	<u>(151,640)</u>
Administration expenses		(484,052)	(704,874)
Operating loss	<i>2</i>	<u>(306,275)</u>	<u>(856,514)</u>
Interest receivable and similar income	<i>3</i>	343	995
Interest payable and similar charges	<i>4</i>	(123,826)	(91,141)
Loss on ordinary activities before taxation		<u>(429,758)</u>	<u>(946,660)</u>
Tax on loss on ordinary activities	<i>5</i>	-	-
Loss for the financial year	<i>12</i>	<u><u>(429,758)</u></u>	<u><u>(946,660)</u></u>

The result for the year arises from the Company's continuing operations.

The Company has no other recognised gains or losses other than those passing through the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

Third Energy Trading Limited

Balance Sheet

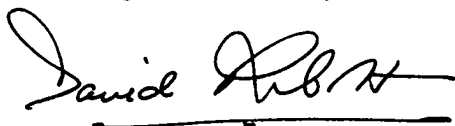
31 December 2014

Company Registration No. 05721316

	Notes	2013 £	2012 £
Fixed Assets			
Intangible assets	6	-	-
Tangible assets	7	1,359,195	1,868,117
		<u>1,359,195</u>	<u>1,868,117</u>
Current Assets			
Debtors	8	5,239,819	6,759,305
Cash at bank and in hand		44,643	74,865
		<u>5,284,462</u>	<u>6,834,170</u>
Creditors: Amounts falling due within one year	9	(2,469,391)	(4,218,813)
Net Current Assets		<u>2,815,071</u>	<u>2,615,357</u>
Total Assets less Current Liabilities		4,174,266	4,483,474
Provisions for liabilities	10	(2,312,300)	(2,191,750)
Net Assets		<u><u>1,861,966</u></u>	<u><u>2,291,724</u></u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	1,861,965	2,291,723
Shareholders' funds	13	<u><u>1,861,966</u></u>	<u><u>2,291,724</u></u>

The notes on pages 8 to 13 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 September 2015 and are signed on its behalf by:



David Robottom
Director

Third Energy Trading Limited

Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

The company has taken advantage of the exemptions under Financial Reporting Standards 1 - Cash Flow Statements not to prepare a Cash Flow Statement as the company is included within the consolidated financial statements of Third Energy Holdings Limited.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The directors have reviewed the Group's forecasts for the period to 30th September 2016 which incorporate all firm commitments in accordance with the Group's business plans. The directors believe that, with the continued support of its parent company, Third Energy Holdings Limited, the Group can continue as a going concern, and has the necessary funding available to ensure that it continues to trade on the going concern basis, for the reasonably foreseeable future.

As with any company placing reliance on another group company for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The financial statements do not include any adjustments that might apply if this assumption were to prove to be incorrect.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that the assets will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences

Tangible fixed assets

Power plant and gas collection equipment are stated at historical cost less accumulated depreciation and less any provision for impairment. Land is stated at historical cost and is not depreciated.

Included in the cost of the power plant are spare parts that have been purchased to repair the plant but not yet been utilised at the year end. A provision is made to ensure that the carrying value of these items does not exceed their value in use.

The decommissioning asset is stated at an amount equal to the initial provision for decommissioning less accumulated depreciation.

Depreciation is provided so as to write off the costs of the assets to residual values over the assets' useful estimated lives, on the following bases -

Gas collecting equipment	7-10 years	Straight line
Power plant	3 to 15 years	Straight line
Decommissioning asset	10 years	Straight line

Third Energy Trading Limited

Accounting policies

Impairment

An impairment test is performed whenever a change in expectations indicates that the carrying value of an asset, or group of assets, may be greater than the returns expected to be generated from that asset or group of assets.

The carrying value is compared against the expected recoverable amount of the asset, by reference to the present value of the future net cash flows expected to be generated from the operations associated with that asset. If the net cash flows of a number of assets are interdependent, then the net cash flows of all interdependent assets are included in the impairment calculation.

Any impairment identified is charged to the profit and loss account as additional depreciation. If the conditions leading to the impairment change and the impairment test suggests that impairment previously charged should be reversed then a credit is taken to the profit and loss account, net of any depreciation that would have been charged since the impairment charge was made.

Provision for decommissioning

A provision for decommissioning costs is recognised in full at the commencement of operations. The amount recognised is the present value of the estimated future expenditure that will be required to decommission the company's assets and bring the land back to the state that existed prior to the assets being built. The discount applied to the anticipated site restoration liability is subsequently released over the life of the field and is charged to interest expense.

A corresponding tangible fixed asset is created at an amount equal to the provision. This is subsequently depreciated as part of the capital costs of the production facilities.

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Turnover

Turnover represents amounts receivable for the Company's electricity generation and income from the provision of facilities to the Company's gas supplier, which is a fellow subsidiary company, at its well sites and pipelines. Turnover is stated net of trade discounts and VAT and is recognised in the month that the electricity is delivered.

Third Energy Trading Limited

Notes to the financial statements

for the year ended 31 December 2014

1 Turnover	2014	2013
Turnover is attributable to the following activities:	£	£
Generation of electricity	1,828,211	1,665,964
Provision of facilities to fellow subsidiary	256,374	194,578
	<u>2,084,585</u>	<u>1,860,542</u>

Turnover is generated within the United Kingdom.

2 Operating loss	2014	2013
Operating loss is stated after charging/(crediting):	£	£
Depreciation of tangible assets		
- owned assets	496,872	494,727
Impairment of fixed assets	-	40,010
Auditor's remuneration in respect of the company	7,622	6,875
Operating leases - land and buildings	<u>5,425</u>	<u>7,638</u>

There were no employees during the year other than the directors (2013: none). The directors' remuneration is borne by Third Energy Holdings Limited. The directors do not believe it is practical to apportion the remuneration between their services to this company and their services as directors of the parent company and fellow subsidiary companies.

3 Interest receivable	2014	2013
	£	£
Bank interest receivable	<u>343</u>	<u>995</u>

4 Interest payable and similar charges	2014	2013
	£	£
Unwinding of discount on decommissioning provision	120,550	87,066
Other interest	<u>3,276</u>	<u>4,075</u>
	<u>123,826</u>	<u>91,141</u>

5 Taxation	2014	2013
<i>Analysis of charge in the period</i>	£	£
Current tax - UK corporation tax on profits for the period	-	-
Deferred tax - origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>
<i>Factors affecting tax charge in the period</i>		
Loss on ordinary activities before taxation	<u>(429,758)</u>	<u>(946,660)</u>
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(92,398)	(220,098)
Expenses not deductible for tax purposes	112	162
Depreciation in excess of capital allowances	104,204	144,548
Losses (generated)/utilised in the period	(11,918)	75,037
Group relief	-	351
Current tax charge	<u>-</u>	<u>-</u>

Third Energy Trading Limited

Notes to the financial statements
for the year ended 31 December 2014

5 Taxation (continued)

The company has a potential deferred tax asset of £1.8m (2013: £1.8m) consisting of accumulated tax losses, capital allowances and other timing differences of £5.0m (2013: £5.4m). This asset has not been recognised under FRS19 due to uncertainty that the Company will have sufficient taxable profits against which the asset can be utilised in the foreseeable future.

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020.

This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31st December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2014 and 31 December 2014	<u>4,902,098</u>
Amortisation	
At 1 January 2014 and 31 December 2014	<u>4,902,098</u>
Net book value	
At 1 January 2014 and 31 December 2014	<u>-</u>

7 Tangible fixed assets

	Decommiss- ioning asset £	Power Plant £	Gas Collection Equipment £	Land £	Total £
Cost					
At 1 January 2014	1,537,406	11,215,256	4,901,725	193,007	17,847,394
Disposals	-	(24,100)	-	-	(24,100)
At 31 December 2014	<u>1,537,406</u>	<u>11,191,156</u>	<u>4,901,725</u>	<u>193,007</u>	<u>17,823,294</u>
Depreciation					
At 1 January 2014	1,060,862	10,576,041	4,342,374	-	15,979,277
Charge for the year	145,836	134,514	216,522	-	496,872
Removed on disposal	-	(12,050)	-	-	(12,050)
At 31 December 2014	<u>1,206,698</u>	<u>10,698,505</u>	<u>4,558,896</u>	<u>-</u>	<u>16,464,099</u>
Net book value					
At 31 December 2014	<u>330,708</u>	<u>492,651</u>	<u>342,829</u>	<u>193,007</u>	<u>1,359,195</u>
At 31 December 2014	<u>476,544</u>	<u>639,215</u>	<u>559,351</u>	<u>193,007</u>	<u>1,868,117</u>

Third Energy Trading Limited

Notes to the financial statements
for the year ended 31 December 2014

8 Debtors	2014	2013
	£	£
Trade debtors	34,520	100,728
Amounts owed by group companies	4,754,429	6,142,103
Prepayments and other income	450,870	516,474
	<u>5,239,819</u>	<u>6,759,305</u>
9 Creditors: amounts falling due within one year	2014	2013
	£	£
Trade creditors	5,001	4,887
Amounts owed to group undertakings	2,417,378	4,136,808
Taxation and social security costs	25,565	53,938
Accruals and deferred income	21,447	23,180
	<u>2,469,391</u>	<u>4,218,813</u>
10 Provisions for liabilities	2014	2013
	£	£
Decommissioning costs		
At 1 January 2014	2,191,750	2,064,674
Addition to provision	-	40,010
Unwinding of discount to profit and loss account	120,550	87,066
At 31 December 2014	<u>2,312,300</u>	<u>2,191,750</u>
11 Called up share capital	2014	2013
Ordinary shares of £1 each	No	No
Authorised	1,000	1,000
	£	£
Allotted, issued and fully paid	<u>1</u>	<u>1</u>
12 Statement of movement on reserves		Profit and loss account
		£
At 1 January 2014		2,291,723
Loss for the financial year		(429,758)
At 31 December 2014		<u>1,861,965</u>
13 Reconciliation of movement in shareholders' funds	2014	2013
	£	£
Opening shareholders funds	2,291,724	3,238,384
Loss for the financial year	(429,758)	(946,660)
Closing shareholders' funds	<u>1,861,966</u>	<u>2,291,724</u>
14 Operating lease commitments		
At 31 December 2014 the Company had annual commitments under non-cancellable operating leases relating to land and buildings:		
	2014	2013
Operating leases which expire:	£	£
After five years	<u>13,198</u>	<u>13,198</u>

Third Energy Trading Limited

Notes to the financial statements

for the year ended 31 December 2014

15 Guarantees and other financial commitments

The company is a member of a VAT group and the net potential liability under the group registration as of 31 December 2014 was £nil (2013: £nil).

16 Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard No 8 not to disclose transactions between itself and other wholly owned Group companies.

17 Ultimate parent company

At 31 December 2014, the immediate parent company was Third Energy Onshore Limited which acquired the Company's shares on 12th February 2014. Prior to that date, the immediate parent company had been Third Energy Services Limited.

The smallest and largest group into which the Company is consolidated is Third Energy Holdings Limited. Copies of the accounts of Third Energy Holdings Limited can be obtained from 7th Floor, Portland House, Bressenden Place, London SW1E 5BH.

In the opinion of the directors, the ultimate parent company of Third Energy Holdings Limited is Barclays PLC. There is no ultimate controlling party.