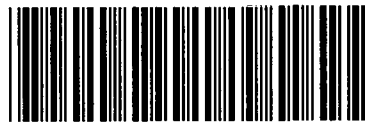


Third Energy Onshore Limited

Financial Statements

for the year ended 31 December 2015

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Company Registration No. 04946049

Third Energy Onshore Limited
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for the year ended 31 December 2015

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Third Energy Onshore Limited

Company information

for the year ended 31 December 2015

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

04946049

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Third Energy Onshore Limited

Directors' report

The directors submit their report and the financial statements of Third Energy Onshore Limited for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is an intermediare holding company.

Review of the business

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

The Company has not traded during the year. 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 31st January 2018 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.

Political contributions

The Company made no political donations and did not incur any political expenditure during the year.

Directors

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

Mr R Valand
Mr JAG Dewar
Mr DJ Robottom


Disclosure of information to 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

13 February 2017
Knapton Generating Station
East Knapton
Malton
North Yorkshire
YO17 8JF

Third Energy Onshore Limited

Directors' responsibilities in respect of Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Third Energy Onshore Limited

We have audited the financial statements of Third Energy Onshore Limited (the Company) for the year ended 31 December 2015 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in 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 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 2015 and of the result 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, 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.
- 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

13 February 2017

Third Energy Onshore Limited

Profit and loss account and Other Comprehensive Income
for the year ended 31 December 2015

	<i>Notes</i>	2015 £'000	2014 £'000
Operating profit	<i>1</i>	-	-
Tax on profit on ordinary activities		-	-
Result for the financial year		<u>-</u>	<u>-</u>

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

The Company has no items of other comprehensive income or expense in the periods being reported upon.

The notes on pages 8 to 12 form part of these financial statements.

Third Energy Onshore Limited

Balance Sheet

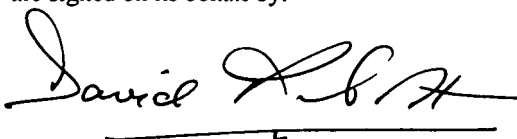
31 December 2015

Company Registration No. 04946049

	<i>Notes</i>	2015 £'000	2014 £'000
Fixed Assets			
Investments	3	-	-
Current Assets			
Debtors	4	1,432	1,432
Cash at bank and in hand		1	1
		<u>1,433</u>	<u>1,433</u>
Creditors: Amounts falling due within one year	5	(1,171)	(1,171)
Net Current Assets		<u>262</u>	<u>262</u>
Net Assets		<u>262</u>	<u>262</u>
Capital and reserves			
Called up share capital	6	20,640	20,640
Capital contribution		715	715
Profit and loss account - (deficit)	7	(21,093)	(21,093)
		<u>262</u>	<u>262</u>

The notes on pages 8 to 12 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 13 February 2017 and are signed on its behalf by:



David Robottom
Director

Third Energy Onshore Limited

Statement of Changes in Equity

31 December 2015

	Called-up share capital £'000	Capital Contribution £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	<u>20,640</u>	<u>715</u>	<u>(21,093)</u>	<u>262</u>
At 31 December 2014	<u>20,640</u>	<u>715</u>	<u>(21,093)</u>	<u>262</u>
At 31 December 2015	<u>20,640</u>	<u>715</u>	<u>(21,093)</u>	<u>262</u>

The notes on pages 8 to 12 form part of these financial statements.

Third Energy Onshore Limited

Accounting policies

Third Energy Onshore Limited is a company limited by shares and incorporated and domiciled in the United Kingdom.

Accounting policies

These financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Third Energy Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Third Energy Holdings Limited are available to the public and may be obtained from 1st Floor, 1 Grosvenor Place, London SW1X 7HJ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company is exempt by virtue of s401 of the Companies act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Measurement convention

The financial statements are prepared on the historical cost basis.

Significant judgements and estimates

The directors are required to make significant judgments and estimates in the preparation of the financial statements. The items in the financial statements where those judgments and estimates have been made include:

As explained in the financial statements of Third Energy UK Gas Limited, the directors believe that sufficient cash will be generated from UK onshore development activities to enable the balances owed to fellow group companies to be repaid.

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 31st January 2018 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.

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.

Third Energy Onshore Limited

Accounting policies

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Investments

Investments are held at cost less any provision for impairment.

Impairment

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units (or "CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or, if it has been integrated, the entire entity into which it has been integrated.

Third Energy Onshore Limited

Accounting policies

Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Third Energy Onshore Limited

Notes to the financial statements
for the year ended 31 December 2015

1 Operating Profit

The directors' remuneration is borne by Third Energy Holdings Limited. Given the size of the Group and the interconnected nature of each subsidiary company's activities, 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. The directors believe that the expense of the directors' remuneration related to this Company would be trivial.

2 Taxation

The company has a potential deferred tax asset of £0.4m (2014: £0.5m) consisting of accumulated tax losses of £2.3m (2014: £2.3m). This asset has not been recognised under FRS 102 due to uncertainty that the Company will have sufficient taxable profits against which the asset can be utilised in the foreseeable future.

The main rate of corporation tax was reduced to 20% effective from 1st April 2015. The rate is set to be reduced further to 19% from 1st April 2017 which was enacted at Summer Budget 2015. The potential deferred tax asset was calculated using the rate of 19% as it is expected that the tax losses will start unwinding in the future when this rate will be in force.

3 Investments

	Shares in group undertakings £'000
Cost	
At 1 January 2015 and 31 December 2015	<u>19,139</u>
Impairment	
At 1 January 2015 and 31 December 2015	<u>19,139</u>
Net book value	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

The Company holds the entire share capital of the following company:

Subsidiary	Country of incorporation	Holding of ordinary shares	Principal activity
Third Energy UK Gas Limited	England & Wales	100%	Gas exploration
Third Energy Trading Limited	England & Wales	100%	Electricity generation

The Company acquired 100% of the shares in Third Energy Trading Limited on 12th February 2014.

4 Debtors	2015	2014
	£'000	£'000
Amounts owed by group companies	<u>1,432</u>	<u>1,432</u>
5 Creditors: amounts falling due within one year	2015	2014
	£'000	£'000
Amounts owed to group companies	<u>1,171</u>	<u>1,171</u>

Third Energy Onshore Limited

Notes to the financial statements
for the year ended 31 December 2015

6 Called up share capital	2015	2014
Ordinary shares of £1 each	No	No
Authorised	<u>20,640,105</u>	<u>20,640,105</u>
	£'000	£'000
Allotted, issued and fully paid	<u>20,640</u>	<u>20,640</u>
 7 Statement of movement on reserves		Profit and loss account
		£'000
Deficit as at 1 January 2015		21,093
Result for the financial year		-
Deficit at 31 December 2015		<u>21,093</u>
 8 Reconciliation of movement in shareholders' funds	2015	2014
	£'000	£'000
Opening shareholders' funds	262	262
Result for the financial year	-	-
Closing shareholders' funds	<u>262</u>	<u>262</u>

9 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 2015 was £nil (2014: £nil).

10 Related party transactions

The Company has taken advantage of the exemption under FRS 102.3.1A not to disclose transactions between itself and other wholly owned Group companies.

11 Ultimate parent company

The immediate parent is Third Energy Holdings 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 1st Floor, 1 Grosvenor Place, London SW1X 7HJ.

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