

Company Number: 2579323

SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT

31 DECEMBER 2015

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SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of South Wales TPL Investments Limited ('the company') for the year ended 31 December 2015. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414B of the Companies Act 2006.

1. Principal activities

The company holds an investment in Teesside Power Investments Limited.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. ('Group Inc.'). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System ('Federal Reserve Board'). Group Inc. together with its consolidated subsidiaries form 'GS Group' or 'the group'. GS Group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

The company's principal business is transacted in British pound and accordingly, the company's functional currency is British pound and these financial statements have been prepared in that currency.

2. Financial Overview

The financial statements have been drawn up for the year ended 31 December 2015. Comparative information has been presented for the year ended 31 December 2014.

The results for the year are shown in the profit and loss account on page 6. Profit on ordinary activities before taxation for the year was £39,473 (year ended 31 December 2014: £53,016). The company had total assets of £7,802,137 (31 December 2014: £3,110,106).

During the year, the company issued 4,616,642 ordinary shares at par value of £1 each to its parent, ELQ Investors Ltd to fund a payment to Her Majesty Revenue and Customs (HMRC). See notes 11, 13 and 14.

3. Future outlook

The directors consider that the year end financial position of the company was satisfactory. No significant change in the company's business activities is expected.

4. Adoption of Revised Financial Reporting Standards

The Financial Reporting Council revised financial reporting standards (FRSs) in the U.K. and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The revisions fundamentally reform United Kingdom Generally Accepted Accounting Practices (U.K. GAAP), replacing the previous standards (previous U.K. GAAP).

From 1 January, 2015, the company has transitioned from the previous U.K. GAAP to the new Financial Reporting Standard 101 (FRS 101) Framework, which applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

All periods presented in this annual report are prepared in accordance with FRS 101.

There is no impact on the company's balance sheet and profit and loss account as a result of adopting FRS 101.

5. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the year ended 31 December 2015 (year ended 31 December 2014: £nil).

6. Financial risk management

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

SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (continued)

7. Directors

The directors of the company who served throughout the year and to the date of this report, except where noted, were:

Name	Appointed	Resigned
M. Holmes		
G. P. Minson		14 April 2015
J. A. Wiltshire		

No director had, at the year end, any interest requiring note herein.

8. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

9. Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

10. Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulators. Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- notify the company's members in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements.

The directors are responsible for keeping adequate 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 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.

SOUTH WALES TPL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (continued)

11. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 26 SEPTEMBER 2016

ON BEHALF OF THE BOARD



Director

JIM WILTSHIRE

Independent auditors' report to the members of South Wales TPL Investments Limited

Report on the financial statements

Our opinion

In our opinion, South Wales TPL Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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.

What we have audited

South Wales TPL Investment's financial statements comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of South Wales TPL Investments Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the report of the directors and the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 September 2016

SOUTH WALES TPL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

		Year Ended 31 December 2015	Year Ended 31 December 2014
	Note	£	£
Administrative expenses	5	(37,149)	(22,749)
OPERATING LOSS		(37,149)	(22,749)
Interest receivable and similar income	6	76,622	75,765
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		39,473	53,016
Tax on profit on ordinary activities	9	(7,993)	(125)
PROFIT FOR THE FINANCIAL YEAR		<u>31,480</u>	<u>52,891</u>

The operating loss of the company are derived from continuing operations in the current and prior years.

The company has no recognised gains and losses other than those included in the profit for the years shown above, and therefore no separate statement of other comprehensive income has been presented.

SOUTH WALES TPL INVESTMENTS LIMITED

BALANCE SHEET

as at 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
CURRENT ASSETS			
Debtors	11	7,802,137	3,110,106
Investments	10	-	-
		<u>7,802,137</u>	<u>3,110,106</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(155,869)</u>	<u>(111,960)</u>
NET CURRENT ASSETS		<u>7,646,268</u>	<u>2,998,146</u>
NET ASSETS		<u>7,646,268</u>	<u>2,998,146</u>
CAPITAL AND RESERVES			
Called up share capital	13	7,242,998	2,626,356
Profit and loss account		403,270	371,790
TOTAL SHAREHOLDERS' FUNDS		<u>7,646,268</u>	<u>2,998,146</u>

The financial statements were approved by the Board of Directors on ~~26 SEPTEMBER 2016~~ and signed on its behalf by:



Director

JIM WILTSHIRE

SOUTH WALES TPL INVESTMENTS LIMITED

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total shareholders' funds
Note	£	£	£
Balance at 1 January 2014	2,626,356	318,899	2,945,255
Profit for the financial year	-	52,891	52,891
Balance at 31 December 2014	2,626,356	371,790	2,998,146
Profit for the financial year	-	31,480	31,480
Share capital issued	4,616,642	-	4,616,642
Balance at 31 December 2015	7,242,998	403,270	7,646,268

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. GENERAL INFORMATION

The company is a limited liability company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

The immediate parent undertaking is ELQ Investors, Ltd., a company incorporated and domiciled in England and Wales.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated within the United States of America. Copies of its consolidated financial statement can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America.

2. ACCOUNTING POLICIES

a. Basis of preparation

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with the previous U.K. GAAP. From 1 January 2015, the company transitioned from the previous U.K. GAAP to FRS 101. These financial statements are for the first period covered by FRS 101. All periods presented in these financial statements have been prepared in accordance FRS 101.

There is no impact on the company's balance sheet or profit and loss account as a result of adopting FRS 101.

These financial statements have been prepared on the going concern basis, under the historical cost convention (except as modified in 2c) and in accordance with the Companies Act 2006

The adoption of FRS 101 has resulted in the company providing additional disclosures relating to financial assets and financial liabilities due to the adoption of IFRS 7 'Financial Instruments: Disclosures' and IFRS 13 'Fair Value Measurement'.

In addition, under the previous U.K. GAAP, a reconciliation between current tax and the product of profit/(loss) before tax multiplied by the appropriate tax rate was required. Upon adoption of IAS 12 'Income Taxes' the company is now required to present a reconciliation between the total tax expense and the product of profit/(loss) before tax multiplied by the applicable tax rate.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements in accordance with FRS 101:

(i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;

(ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);

(iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;

(iv) IAS 7 'Statement of Cash Flows';

(v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;

(vi) IAS 24 'Related Party Disclosures' paragraph 17; and

(vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within group.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

b. Revenue recognition

Revenue has been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. Revenue represents dividends from investments less impairments. Dividends receivable are recognised as revenue when the right to receive payment has been established.

c. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets (with the exception of deferred tax assets) and financial liabilities (with the exception of deferred tax liabilities).

The company classifies its financial assets and financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- Investments

Investments comprise equity investments, which are stated at fair value. These investments are designated at fair value as they are managed and their performance is evaluated on a fair value basis. Unrealised and realised gains or losses on the financial assets are recognised in the profit or loss account.

- Other financial assets and financial liabilities

Other financial assets are classified as loans and receivables and other financial liabilities are classified as those measured at amortised cost. Both are initially recognised at fair value and are subsequently re-measured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, other financial assets and financial liabilities are presented on a gross basis on the balance sheet.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

d. Current and deferred taxation

The tax expense for the period comprises current tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future with the following exceptions.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

e. Dividends

Final equity dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim equity dividends are recognised and deducted from equity when paid.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. In the opinion of management, significant judgement was applied in the assessment of the recoverability of the other receivable, that is material to the financial statements (see notes 11 and 14).

4. SEGMENTAL REPORTING

The directors manage the company's activities as a single business in the same geographical region and accordingly no segmental analysis has been provided.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

5. ADMINISTRATIVE EXPENSES

The table below represents the company's administrative expenses:

	Year Ended 31 December 2015	Year Ended 31 December 2014
	£	£
Reimbursement of expenses to fellow group undertaking	38,115	22,270
Foreign exchange gains	(966)	(521)
Other expenses	-	1,000
	<u>37,149</u>	<u>22,749</u>

The auditors' remuneration for the current and prior year of £5,000 has been borne by the company's parent undertaking.

The reimbursement of expenses to fellow group undertakings represent professional fees incurred by a group undertaking on behalf of the company which have been recharged to the company.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2015	Year Ended 31 December 2014
	£	£
Interest on short term loan with group undertaking (see note 11)	<u>76,622</u>	<u>75,765</u>

7. STAFF COSTS

The company has no employees (31 December 2014: nil). All persons involved in the company's operation are employed by a group undertaking and no charge is borne by the company.

8. DIRECTORS' EMOLUMENTS

	Year Ended 31 December 2015	Year Ended 31 December 2014
	£	£
Directors:		
Aggregate emoluments	596	720
Company pension contributions to money purchase schemes	8	11
	<u>604</u>	<u>731</u>

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. In accordance with schedule 5 of Statutory Instrument 2008 / 410, this only includes the value of cash and benefits in kind. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All directors were members of a defined contribution pension scheme and a defined benefit pension scheme during the year. All directors have received or are due receipt of Group Inc. shares under a long term incentive scheme during the year. No directors have exercised options during the year.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax charge for the year:

	Year Ended 31 December 2015	Year Ended 31 December 2014
	£	£
Current tax:		
U.K. corporation tax at 20.25% (2014: 21.50%)	7,993	-
Adjustments in respect of prior periods	-	125
Total current tax (see note 9b)	7,993	125

b. Factors affecting tax charge for the year:

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 20.25% (31 December 2014: 21.50%) to the profit on ordinary activities before taxation is as follows:

	Year Ended 31 December 2015	Year Ended 31 December 2014
	£	£
Profit on ordinary activities before taxation	39,473	53,016
Profit on ordinary activities before taxation multiplied by the weighted average rate in the U.K. 20.25% (2014: 21.50%)	7,993	11,398
Tax profits surrendered from group undertakings for nil consideration	-	(11,398)
Adjustments in respect of prior periods	-	125
Total tax charge for the year	7,993	125

10. INVESTMENTS

	£
As at 31 December 2014 and at 31 December 2015	-

The investment comprises:

Name of company	Country of incorporation	Holding and proportion of voting rights	Class of shares held	Nature of business
Teesside Power Investments Limited	United Kingdom	7.69%	Ordinary shares	Investment company

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

11. DEBTORS

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

	31 December 2015	31 December 2014
	£	£
Other receivable	4,616,642	-
Loan due from group undertaking	2,779,000	2,779,000
Accrued interest on loan due from group undertaking	387,153	310,535
Amounts due from group undertaking	19,342	20,571
	7,802,137	3,110,106

Other receivable represents an amount of £4,616,642 paid to Her Majesty's Revenue and Customs (HMRC) under the accelerated payment scheme. The scheme requires disputed tax to be paid to HMRC before the final amount has been agreed or determined in the course of legal proceedings (see note 14).

Loan due from group undertaking represents excess cash placed on an overnight facility. The interest accrued during the year is within a range of 0.08% to 3.06%.

Amounts due from group undertaking includes a cash balance of £19,342 (31 December 2014: £20,571) held on account by a fellow group undertaking.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2015	31 December 2014
	£	£
Amounts due to group undertakings	115,432	86,479
Management fee due to group undertaking	-	1,337
Group tax relief payable	28,742	20,749
Corporation tax payable	11,695	3,395
	155,869	111,960

13. CALLED UP SHARE CAPITAL

At 31 December 2015 and 31 December 2014 called up share capital comprised:

	31 December 2015		31 December 2014	
	No.	£	No.	£
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	7,242,998	7,242,998	2,626,356	2,626,356
		7,242,998		2,626,356

During the year, the company issued 4,616,642 ordinary shares at par value of £1 each to its parent, ELQ Investors, Ltd.

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

14. FINANCIAL COMMITMENTS AND CONTINGENCIES

The Company, its immediate parent company, ELQ Investors, Ltd., and certain other group companies (together the 'group parties') provided an indemnity to the purchaser of Teesside Power Limited (TPL) as part of the sale of the entity by the group parties in a prior year. The group parties are jointly and severally liable under the indemnity. The purchaser is indemnified, amongst other things, against losses incurred in respect of potential tax obligations of TPL relating to periods prior to the sale. Her Majesty Revenue and Customs (HMRC) and group parties are in the process of legal proceedings in respect of certain prior period tax returns of TPL, and any settlement required in respect of such proceedings would necessitate payment under the indemnity. At the balance sheet date, the outcome of this litigation remains uncertain and no provision has been recognised, and an accelerated payment has been made to HMRC disclosed within Debtors (see note 11).

15. FINANCIAL RISK MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base (see note 13).

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the company are credit risk, liquidity risk, and market risk. The company, as part of a global group, adheres to global risk management policies and procedures.

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business.

The principal market risk of the company is the risk of loss in value of its equity investments. Due to the nature of the investments of the company, market risk is measured using a 10% sensitivity measure. Market risk is determined by estimating the potential reduction in revenue of a 10% decline in the underlying asset value without reflecting the diversification benefits across asset categories or across other risk measures. This would have been a loss of £nil based on the carrying value of the investments.

Other relevant market risks for the company are interest rate risk and currency risk.

- Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.
- Currency risk results from changes in spot prices, forward prices and volatilities of currency rates.

The company manages its interest rate and currency risks as part of the group's risk management policy.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured.

The investments and debtors on the company's balance sheet represent the gross credit risk exposure to the company. The company monitors and manages the credit risk of its investments within market risk above, such that, the debtors on the company's balance sheet represent the net credit risk.

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. Accordingly, the company, as part of a global group, has in place

SOUTH WALES TPL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. FINANCIAL RISK MANAGEMENT (continued)

comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The company's investment is a financial asset held at fair value of £nil (31 December 2014: £nil).

All other financial assets and financial liabilities are not measured at fair value.

a. Fair value of financial instruments not measured at fair value

The company has £7,802,137 (31 December 2014: £3,110,106) of current financial assets and £155,869 (31 December 2014: £111,960) of current financial liabilities that are not measured at fair value. Given the short term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

b. Maturity of financial liabilities

All financial assets are due within 12 months of balance sheet date.