

TransCanada Turbines (UK) Limited

Directors' report and financial statements

Registered number SC212499

31 December 2012

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012.

Principal activities and review of business

The principal activities of the company are the provision of field repair services to operators of aeroderivative industrial gas turbines used primarily in gas compression and power generation facilities. The loss for the year was £359,000 (2011: loss £558,000). The company continues to depend on financial support from its Canadian parent company, TransCanada Turbines Limited, as it expands market share.

Proposed dividend

The directors do not recommend the payment of a dividend (2011: nil).

Directors and directors' interests

The directors who held office during the year were as follows:

Alexander John Pourbaix (resigned 14th June 2012)
Christopher Watson
Kenneth R Tate
Beverly Stewart (appointed 14th June 2012)

Political and charitable contributions

The company made no political contributions or charitable donations during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board



Robbie M B Brown
Secretary

John Wood House
Greenwell Road
Aberdeen
Scotland

September 9 2013

Statement of directors' responsibilities in respect of the Directors' Report and the 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).

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:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

KPMG LLP
191 West George Street
Glasgow G2 2LJ
United Kingdom

Independent auditor's report to the members of TransCanada Turbines (UK) Limited

We have audited the financial statements of TransCanada Turbines (UK) Limited for the year ended 31 December 2012 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

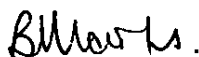
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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.



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

10 September 2013

Profit and loss account
for the year ended 31 December 2012

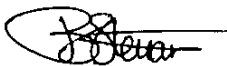
	<i>Note</i>	2012 £000	2011 £000
Turnover	2	7,751	2,697
Cost of sales		<u>(8,055)</u>	<u>(3,118)</u>
Gross loss		(304)	(421)
Administrative expenses		<u>(55)</u>	<u>(137)</u>
Loss on ordinary activities before taxation	3	(359)	(558)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Retained loss for the year transferred to reserves	14	<u><u>(359)</u></u>	<u><u>(558)</u></u>

All operations of the company are continuing. The company has no recognised gains or losses other than the loss for the year.

Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Tangible assets	7	259	334
Current assets			
Stocks	8	979	964
Debtors	9	293	612
Cash at bank and in hand		<u>169</u>	<u>104</u>
		1,441	1,680
Creditors: amounts falling due within one year	10	<u>(3,006)</u>	<u>(3,001)</u>
Net current liabilities		(1,565)	(1,321)
Total assets less current liabilities		(1,306)	(987)
Creditors: amounts falling due after more than one year	11	(33)	(33)
Provisions for liabilities and charges	12	<u>(58)</u>	<u>(18)</u>
Net liabilities		<u>(1,397)</u>	<u>(1,038)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	<u>(1,397)</u>	<u>(1,038)</u>
Shareholder deficit – equity		<u>(1,397)</u>	<u>(1,038)</u>

These financial statements were approved by the board of directors on September 9, 2013 and were signed on its behalf by:



Beverly Stewart
Director

Registered number: SC212499

Reconciliation of movements in shareholder deficit - equity

for the year ended 31 December 2012

	2012 £000	2011 £000
Loss for the financial year	<u>(359)</u>	<u>(558)</u>
Net loss in shareholders' funds - equity	(359)	(558)
Opening shareholder deficit - equity	<u>(1,038)</u>	<u>(480)</u>
Closing shareholder deficit - equity	<u><u>(1,397)</u></u>	<u><u>(1,038)</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Going concern

The company has net liabilities of £1,397,000 (2011: £1,038,000). The parent company has confirmed that it will continue to support the company for the foreseeable future and in any event for not less than 12 months from the date of approval of the financial statements and, as a result, the directors believe that it is appropriate to continue to prepare the accounts on the going concern basis.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office & Shop Equipment	5 years
Computer Equipment	3 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are valued at the lower of cost (determined by the first in, first out and specific identification methods) and net realizable value. Work in process is stated at the lower of cost and net realizable value.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue is recognized when the services provided to customers are complete or for multi-year service contracts, on a percentage of completion basis.

Notes (continued)

2 Analysis of turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties for goods or services supplied by the company. Turnover is attributable to one continuing activity, the provision of field repair services to operators of aero derivative industrial gas turbines. An analysis of turnover by geographical market is given below:

	2012 £000	2011 £000
UK	3,570	805
Europe	3,667	1,448
North America	504	376
Other	<u>10</u>	<u>68</u>
	<u>7,751</u>	<u>2,697</u>

3 Loss on ordinary activities before taxation

	2012 £000	2011 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration: Audit of these financial statements	3	3
Depreciation and other amounts written off tangible fixed assets:	124	121
Exchange (gains)/losses	<u>(62)</u>	<u>9</u>

4 Remuneration of directors

During the year, no directors' emoluments, contributions to pension schemes or retirement benefits were paid or committed to by the company.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2012	2011
Management/Sales	2	2
Field Services/Customer Support	8	8
Administration	<u>1</u>	<u>1</u>
	<u>11</u>	<u>11</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	752	621
Social security costs	91	68
Pension	46	27
	<u>889</u>	<u>716</u>

6 Taxation

	2012 £000	2011 £000
Current tax charge	-	-
Deferred tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011: higher) than the standard rate of corporation tax in the UK 20% (2011: 20.25%). The differences are explained below:

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(359)</u>	<u>(558)</u>
Current tax at 20% (2011: 20.25%)	(73)	(113)
<i>Effects of:</i>		
Expenses not deductible for tax	2	6
Tax losses carried forward	<u>71</u>	<u>107</u>
Total current tax charge (see above)	<u>-</u>	<u>-</u>

A potential deferred tax asset of £243,000 (2011: £195,000) in respect of unrealised tax losses has not been recognised in these accounts as the recoverability of the asset is uncertain. This asset is available to reduce any taxable profits earned in the future.

Notes (continued)

7 Tangible fixed assets

	Computer equipment £000	Office and shop equipment £000	Total £000
Cost			
At beginning of year	5	562	567
Disposals	-	-	-
Additions	-	49	49
At end of year	5	611	616
Depreciation			
At beginning of year	2	231	233
Charge for year	2	122	124
On disposals	-	-	-
At end of year	4	353	357
Net book value			
At 31 December 2012	1	258	259
At 31 December 2011	3	331	334

8 Stocks

	2012 £000	2011 £000
Work in progress	17	14
Finished goods	962	950
	979	964

9 Debtors

	2012 £000	2011 £000
Due within one year:		
Trade debtors	241	605
VAT recoverable	52	-
Prepayments and accrued income	-	7
	293	612

Notes (continued)

10 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	57	157
Amounts owed to group undertakings	2,698	2,263
Accruals and deferred income	251	378
Vat payable	-	203
	<u>3,006</u>	<u>3,001</u>

11 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	<u>33</u>	<u>33</u>

12 Provisions for liabilities and charges

	Warranty Provision £000
At beginning of year	18
Charged in year	40
Utilised in year	-
At end of year	<u>58</u>

The warranty provision is established to cover expenses for the repair and maintenance of products within contractual warranty periods.

13 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
One ordinary share of £1	<u>-</u>	<u>-</u>

Notes (continued)

14 Reserves

	Profit and loss account £000
At 1 January 2012	(1,038)
Loss for the year	<u>(359)</u>
At 31 December 2012	<u>(1,397)</u>

15 Commitments

- a) No capital commitments have been made at the end of the financial year.
- b) Annual commitments under non-cancellable operating leases are as follows:

	2012 Land and buildings £000	2011 Land and buildings £000	2012 Other £000	2011 Other £000
Operating leases which expire:				
Within one year	111	110	2	2
In the second to fifth years inclusive	413	419	-	2
Between 6 and 10 years inclusive	<u>-</u>	<u>104</u>	<u>-</u>	<u>-</u>
	524	633	2	4

16 Related party disclosures

During the year the company entered into the following transactions with fellow group companies resulting in the following amounts due:

	Due to group undertakings:			
	Within one year		In over one year	
	2012 £000	2011 £000	2012 £000	2011 £000
TransCanada Turbines Australia Ltd.	(217)	-	-	-
TransCanada Turbines Limited	2,554	1,997	33	33
TransCanada Turbines Inc	<u>361</u>	<u>266</u>	<u>-</u>	<u>-</u>
	2,698	2,263	33	33

The amount owed to group companies bears no interest and is repayable on demand.

There were inter-company sales of £503,647 (2011: £375,712).

Group companies provided management and administrative support to the company during the fiscal year for which the company was charged £105,986 (2011: £106,280).

Notes *(continued)*

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent company of TransCanada Turbines (UK) Limited is TransCanada Turbines Limited, incorporated in Canada. TransCanada Turbines Limited is a 50/50 joint venture between TransCanada Corporation, and John Wood Group Holdings BV, incorporated in the Netherlands.

The largest group in which the results of the company are proportionately consolidated is that headed by TransCanada Corporation and John Wood Group Plc. The consolidated accounts of these companies are available to the public and may be obtained from www.transcanada.com and www.woodgroup.com respectively. The smallest group in which they are consolidated is that headed by TransCanada Turbines Limited. The consolidated accounts of this company are not available to the public.