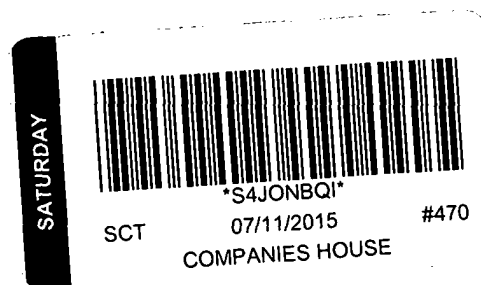


# SSE Renewables (Galloper) No.2 Limited

Directors' report and  
financial statements

**Year ended 31 March 2015**

*Registered number: 07318697*



# SSE Renewables (Galloper) No.2 Limited

## Directors' report and financial statements

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# SSE Renewables (Gallopier) No.2 Limited

## Directors and other information

### **Directors**

B. McFarlane  
M. Seaton

### **Registered office**

55 Vastern Road  
Reading  
Berkshire  
RG1 8BU

### **Secretary**

S. Fairbairn

### **Solicitors**

SSE Legal Counsel  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ  
Scotland

### **Auditor**

KPMG LLP  
Chartered Accountants  
191 West George Street  
Glasgow  
G2 2LJ

### **Bankers**

National Westminster Bank  
13 Market Place  
Reading  
RG1 2EG

# SSE Renewables (Gallopier) No.2 Limited

Registered number: 07318697

## Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

### **Principal activities, business review (including principal risks and uncertainties) and future developments**

The principal activity of the company is the development of an offshore wind farm situated off the Suffolk coast.

The principal risk and uncertainty facing the business is whether the proposed development will receive the necessary Government planning consents to enable the offshore wind farm to be constructed. Other risks include whether the proposed development will achieve a satisfactory rate of return for the owners to pass an investment decision in which the development in the regulatory framework will be a key decision.

In March 2014, SSE Group announced that decisions regarding the extent of the build out of its offshore wind farm pipeline would be based on its disciplined approach, consistent with its financial principles, and as such it would not be taking the Gallopier project beyond its then phase of development.

The project is now moving into the detailed design work phase, involving its supply chain partners and potential equity finance partners. The company has now agreed exit terms with the RWE Group who will acquire 100% of the equity of the company in late 2015.

The directors will continue to monitor the risks and regulatory framework surrounding the windfarm and continue to assess the carrying value of the wind farm as circumstances change.

The company's immediate parent undertaking is SSE Gallopier Offshore Windfarm Holdings Limited.

The ultimate parent company of SSE Gallopier Offshore Windfarm Holdings Limited is SSE plc.

### **Results and statement of affairs as at 31 March 2015**

The results for the year ended 31 March 2015 are set out on page 10. The balance sheet at 31 March 2015 is set out on page 11 and indicates net liability of £2,874,000 (2014: *net asset of £28,000*).

The directors do not recommend payment of a dividend (2014: *£nil*).

# SSE Renewables (Galloper) No.2 Limited

Registered number: 07318697

## Directors' Report (*continued*)

### Directors and secretary

The following directors were appointed to office during the year ended 31 March 2015:

Director	Appointment date
M. Seaton	16/12/2014
P. Langford	16/12/2014
B. McFarlane	30/04/2015

The following directors resigned office during the year ended 31 March 2015:

Director	Resignation date
P. Langford	30/04/2015
F. McCutcheon	16/12/2014
C. Giblin	22/09/2014

The following secretary was appointed to office during the year ended 31 March 2015:

Secretary	Appointment date
S. Fairbairn	01/12/2014

The following secretary was resigned from office during the year ended 31 March 2015:

Secretary	Resignation date
L.J.V. Donnelly	01/12/2014

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the company the directors are not required to retire by rotation.

### Directors' and secretary's interests

No directors or secretary held any interests in the company at 31 March 2015.

### Political and charitable donations

The company did not make any political or charitable donations during the year (2014: £nil).

### Post balance sheet events

RWE Group has agreed to acquire the fixed assets of this company by acquiring SSE Galloper Offshore Windfarm Holdings Limited shares in the company for consideration of £8,819,741.

### Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# SSE Renewables (Galloper) No.2 Limited

Registered number: 07318697

## Directors' Report (*continued*)

### Going concern

The company is dependent on ongoing financial support from a fellow group company. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the company for the foreseeable future.

### Auditor

KPMG Ireland resigned as auditor during the year pursuant to section 516 of the Companies Act 2006. The Directors subsequently appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next general meeting.

On behalf of the Board



Brian McFarlane  
*Director*

19 October 2015

# SSE Renewables (Galloper) No.2 Limited

## 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 period. Under that law the directors 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 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 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 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 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.

# SSE Renewables (Gallopier) No.2 Limited

## Independent auditor's report to the members of SSE Renewables (Gallopier) No.2 Limited

We have audited the financial statements of SSE Renewables (Gallopier) No.2 Limited for the year ended 31 March 2015 set out on pages 8 to 17, which comprise the profit and loss account, the balance sheet and the related notes. 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 of the financial statements**

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](http://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 March 2015 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.



# SSE Renewables (Gallopier) No.2 Limited

## Independent auditor's report to the members of SSE Renewables (Gallopier) No.2 Limited

### 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



William Meredith (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
191 West George Street  
Glasgow  
G2 2LJ

19 October 2015

# SSE Renewables (Galloper) No.2 Limited

## Statement of accounting policies

*for the year ended 31 March 2015*

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 generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales. The financial statements are stated in Pounds sterling (£) and are rounded to the nearest thousand.

### **Going concern**

The company is dependent on ongoing financial support from a fellow group company. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the company for the foreseeable future.

The directors have reviewed the carrying value of assets at 31 March 15 and taking all information available to them into account are satisfied that at the time of signing the financial statements there were no reasons to believe that the current carrying value of assets were not recoverable. The directors will continue to monitor the risks and regulatory framework surrounding the windfarm and continue to assess the carrying value of the windfarm as circumstances change.

### **Financial assets**

Financial assets are shown at cost less provision for any impairment in value. Investments in subsidiary undertakings and joint ventures are shown at cost less provision for permanent diminution in value. Prior to sale or distribution, investments are measured at realisable value.

### **Cash flow statement**

The company is exempt from the requirements of FRS 1 '*Cash flow statements*', (*Revised*) to include a cash flow statement as part of its financial statements because the company is a wholly owned subsidiary of SSE plc, which publishes a consolidated cash flow statement.

### **Interest income and expense**

Interest income is recognised as income in the period in which it is earned. Interest expense is recognised as an expense in the period in which it is incurred.

### **Investments in associates**

Investments in associates are accounted for at the lower of cost and net realisable value.

### **Related party transactions**

The company is availing of the exemption under FRS 8 '*Related party disclosures*', whereby as it is a wholly owned subsidiary undertaking of SSE plc, it is not disclosing transactions with any group undertakings which are consolidated in the financial statements of SSE plc.

# SSE Renewables (Galloper) No.2 Limited

## Statement of accounting policies (*continued*)

*for the year ended 31 March 2015*

### **Tangible fixed assets**

Tangible fixed assets are stated at original cost, net of accumulated depreciation and any provisions for impairment.

Assets in development are recorded at cost. Depreciation of assets in construction commences when the asset is placed in service. Interest on borrowing and arrangements fees related to the financing of major capital projects are capitalised during construction, as part of the cost of the project. Capitalisation of these interest costs ceases when the asset is ready for service.

### **Taxation**

Current tax, including UK corporation and foreign tax, is provided on the company's taxable profits at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantially enacted by the balance sheet date.

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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying timing differences can be deducted.

## SSE Renewables (Galloper) No.2 Limited

### Profit and loss account for the year ended 31 March 2015

	<i>Note</i>	<b>2015 £'000</b>	<b>2014 £'000</b>
Exceptional item	3	(3,038)	
<b>Profit on ordinary activities before tax</b>		<b>(3,038)</b>	<b>-</b>
Tax on ordinary activities	9	136	21
<b>(Loss)/profit for the financial year</b>	11	<b>(2,902)</b>	<b>21</b>

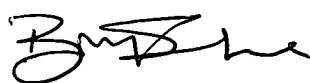
The company had no recognised gains or losses in the current or prior financial years other than those dealt with in the profit and loss account.

# SSE Renewables (Galloper) No.2 Limited

## Balance sheet as at 31 March 2015

	<i>Note</i>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Fixed assets</b>			
Tangible assets	4	8,820	8,396
Financial assets	5	838	1,179
		<hr/>	<hr/>
		9,658	9,575
<b>Current assets</b>			
Debtors	6	456	247
Cash at bank and in hand		1,014	141
		<hr/>	<hr/>
		1,470	388
<b>Creditors: amounts falling due within one year</b>	7	(1,812)	(3,123)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(342)	(2,735)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		9,316	6,840
<b>Creditors: amounts falling due after one year</b>	8	(12,190)	(6,676)
Provisions for liabilities and charges	14	-	(136)
		<hr/>	<hr/>
<b>Net (liabilities) / assets</b>		(2,874)	28
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(2,874)	28
		<hr/>	<hr/>
<b>Shareholders'(deficit)/funds</b>	11	(2,874)	28
		<hr/>	<hr/>

On behalf of the Board



Brian McFarlane

Director

19 October 2015

# SSE Renewables (Gallopier) No.2 Limited

## Notes

*forming part of the financial statements*

### 1 Ownership

The company's immediate parent undertaking is SSE Gallopier Offshore Windfarm Holdings Limited, registered in the United Kingdom.

The company's ultimate parent undertaking is SSE plc, registered in the United Kingdom. The largest company in which results of the company are consolidated is that headed by SSE plc. The consolidated financial statements of SSE plc are available to the public and may be obtained from its registered office at Inverlmond House, 200 Dunkeld Road, Perth, PH1 3AQ.

No other company financial statements include the results of SSE Renewables (Gallopier) No.2 Limited.

### 2 Statutory and other information

	2015 £'000	2014 £'000
Audit and tax fees	1	1

The auditor's remuneration has been borne, as part of a wider charge, by SSE Renewables Holdings Limited a company registered in Ireland.

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2015 (2014: £nil).

The company had no employees during the year ended 31 March 2015 (2014: nil).

Depreciation charged in the year amounted to £nil (2014: £nil).

### 3 Exceptional item

	2015 £'000	2014 £'000
Impairment of tangible asset	(3,038)	-

An exceptional charge was recognized in relation to tangible assets, this was to align the tangible asset values to the sale price agreed with RWE Group; see further details at note 4.

# SSE Renewables (Galloper) No.2 Limited

## Notes (*continued*)

### 4 Tangible fixed assets

	Assets under Development £'000
<i>Cost</i>	
Balance at beginning of year	8,396
Additions	3,462
	<hr/>
<b>Balance at end of year</b>	<b>11,858</b>
	<hr/>
<i>Accumulated depreciation</i>	
Balance at beginning of year	-
Charge for the year	-
Impairment	(3,038)
	<hr/>
<b>Balance at end of year</b>	<b>(3,038)</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 March 2015</b>	<b>8,820</b>
	<hr/>
At 31 March 2014	8,396
	<hr/>

Tangible fixed assets include £699k of capitalised interest (2014: £330k).

In March 2014, SSE plc announced that decisions regarding the extent of the build out of its offshore wind farm pipeline would be based on a disciplined approach, consistent with its financial principles, and as such it would not be taking the Galloper project beyond its then phase of development.

The company has agreed exit terms with the RWE Group for a consideration value of £8,819,741 for the sale of the company. As a result the tangible fixed assets were impaired down to this value at the year ended 31 March 2015.

# SSE Renewables (Gallopier) No.2 Limited

## Notes (continued)

### 5 Financial assets

	2015 £'000	2014 £'000
Investment in associate	838	1,179

The investment in an associate represents the following:

The company has a 25% shareholding in Gallopier Wind Farm Limited. Gallopier Wind Farm Limited has a registered office at 55 Vastern Road, Reading, Berkshire, RG1 8BU, England. The investment in this associate represents an investment in share capital and a long term loan. The capital and reserves of Gallopier Wind Farm Limited at 31 December 2014 amounted to £3,901 (*Year Ended 31 December 2013: deficit of £2,675*). The company made a profit of £6,576 during the year ended 31 December 2014 (*Year Ended 31 December 2013: loss of £1,135*).

### 6 Debtors

	2015 £'000	2014 £'000
VAT receivable	292	83
Corporation tax credit owed from a Group company	164	164
	456	247

All amounts fall due within one year.

### 7 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Accruals	44	-
Amounts owed to Gallopier Wind Farm Ltd	1,768	3,123
	1,812	3,123

The amounts owed to Gallopier Wind Farm are unsecured, interest free and repayable on demand

### 8 Creditors: amounts falling after one year

	2015 £'000	2014 £'000
Long-term loan - SSE plc	12,190	6,676

The long-term loan is unsecured and has no fixed repayment period. The loan is interest bearing at 6.07% (2014: 5.48%).



# SSE Renewables (Galloper) No.2 Limited

## Notes (continued)

### 9 Taxation

	2015 £'000	2014 £'000
<i>Current taxation</i>		
Current tax credit	-	(76)
<i>Deferred taxation</i>		
Deferred tax (credit)/charge	(136)	55
<b>Tax credit on loss on ordinary activities</b>	<b>(136)</b>	<b>(21)</b>
	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(3,038)	-
Tax charge on loss on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	(638)	-
<i>Effects of:</i>		
Revenue items capitalised	-	(76)
Non deductible expenses	495	-
Capital allowance in excess of depreciation	143	-
<b>Current tax credit for year</b>	<b>-</b>	<b>(76)</b>

Reductions in the UK corporation tax rate from 23% 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 liability at 31 May 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### 10 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and unpaid</i>		
8 ordinary shares of £1 each	8	8

# SSE Renewables (Galloper) No.2 Limited

## Notes (continued)

### 11 Reconciliation of movement in profit and loss and shareholders' funds

	Profit and loss account		Shareholders'(deficit)/funds	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Balance at beginning of year	28	7	28	7
(Loss) / Profit for the financial year	(2,902)	21	(2,902)	21
Balance at end of year	(2,874)	28	(2,874)	28

### 12 Capital Commitments

As at 31 March 2015, the company had capital commitments of NIL (2014:£821k).

### 13 Related party transactions

During the year the company entered into the following transactions, in the ordinary course of business, with related parties. To the extent not disclosed elsewhere in these financial statements details of transactions and balances with related parties, outside of the SSE plc group, are summarized below:

	Transactions for the year ended 31 March 2015 £'000	Transactions for the year ended 31 March 2014 £'000
Investment in associate – Galloper Wind Farm Limited	(341)	353
Recharge of costs from Galloper Wind Farm (capitalised):	Transactions for the year ended 31 March 2015 £'000	Transactions for the year ended 31 March 2014 £'000
Galloper Wind Farm Limited	6,168	2,943

The company holds an interest in 25% of the share capital of Galloper Wind Farm Limited. The company is party to a contract with Galloper Wind Farm Limited for the latter company to act as an agent on behalf of this company and its fellow investors'

# SSE Renewables (Galloper) No.2 Limited

## Notes *(continued)*

### 14 Provisions for liabilities and charges

	2015 £'000	2014 £'000
<i>Deferred taxation</i>		
At beginning of year	136	81
Change in year (note 9)	(136)	55
	<hr/>	<hr/>
	-	136
	<hr/>	<hr/>

### 15 Post balance sheet events

RWE Group has agreed to acquire the fixed assets of this company by acquiring SSE Galloper Offshore Windfarm Holdings Limited shares in the company for consideration of £8,819,741.

### 16 Approval of financial statements

The directors approved these financial statements on 19 October 2015.