

Beatrice Offshore Windfarm Limited
Directors' report and
financial statements

Year ended 31 March 2015

Registered number: SC350248

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Beatrice Offshore Windfarm Limited

Directors' report and financial statements

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Beatrice Offshore Windfarm Limited

Directors and other information

Directors

R. Bonnar
R. Escott
F. McCutcheon
P.G. Cooley
M.J.W. Seaton
T.L. Smed
C.G Sorensen
P. Gomez-Acebo

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ
Scotland

Secretary

P. J. Murphy

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

Ulster Bank
11-16 Donegal Square East
Belfast BT1 5UB
Northern Ireland

Beatrice Offshore Windfarm Limited

Registered number: SC350248

Directors' report

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

Strategic Report

The company has availed of the exemption under the Companies Acts 2006 (Strategic Report and Directors' Report) Regulations 2013 from implementing the Strategic Report requirements as the Company qualifies as a small company for Company Law purposes.

Principal activity, business review (including principal risks and uncertainties) and future developments

The company is currently engaged in the development with a view to the construction and operation of a 588MW offshore windfarm in Scotland.

On 5 November 2014, SSE Beatrice Offshore Windfarm Holdings (UK) Limited sold 12.5% of its shareholdings to CI Beatrice I Limited and 12.5% to CI Beatrice Limited II Limited. Thus SSE Beatrice Offshore Windfarm Holdings (UK) Limited now owns 50% of the issued ordinary shares of the company, and Repsol Beatrice Limited owns the remaining 25% of the ordinary share capital of the company.

Beatrice Offshore Windfarm was successful in obtaining an Investment Contract (IC) from the UK Government in April 2014 for a maximum 664MW wind farm. The principal risk facing the company remains the economic viability of the Beatrice project. To address these concerns, the directors of the company have established a working alliance with key contractors and suppliers that have been integrated into the project team with a view to reducing capital and operational spend, enhancing value and efficiencies in project delivery and maximising project revenues.

Results for the year and state of affairs as at 31 March 2015

The balance sheet at 31 March 2015 is set out on page 10 and indicates net liabilities of £1,000 (2014: nil). The directors do not recommend the payment of a dividend.

Directors and secretary

The following were appointed during the year:

Director	Appointment date
A.P Collar	07 August 2014
T.L Smed	05 November 2014
C.G Sorensen	05 November 2014
P.G Cooley	11 December 2014
M.J.W Seaton	11 December 2014
P. Gomez-Acebo	21 July 2015

The following have resigned from office during the year:

Director	Resignation date
J. C. Santaclara	06 August 2014
A.P Collar	20 July 2015

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.

Beatrice Offshore Windfarm Limited

Registered number: SC350248

Directors' report (*continued*)

Directors' and secretary's interests

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

Post balance sheet events

There have been no significant events since the balance sheet date.

Political and charitable donations

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

Going Concern

The company is depending on ongoing financial support from its shareholders. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. The shareholders have given undertakings to make available such funds to enable the company to meet its obligations for a period of at least 12 months.

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.

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



Richard Escott
Director

18 December 2015

Beatrice Offshore Windfarm 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 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 judgements 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.

On behalf of the Board



Richard Escott
Director

18 December 2015

Independent auditor's report to the members of Beatrice Offshore Windfarm Limited

We have audited the financial statements of Beatrice Offshore Windfarm Limited for the year ended 31 March 2015 set out on pages 9 to 15, 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 4, 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.

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.

Independent auditor's report to the members of Beatrice Offshore Windfarm Limited (*continued*)

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
- the directors were not entitled to take advantage of the small companies exemption from the requirements to prepare a strategic report



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

21 December 2015

Beatrice Offshore Windfarm 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 (£'000).

Going Concern

The company is depending on ongoing financial support from its shareholders. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. The shareholders have given undertakings to make available such funds to enable the company to meet its obligations for a period of at least 12 months.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement as part of its financial statements because it is a small entity as defined in the Companies Act (2006).

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 arrangement 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.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date.

Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the profit and loss account.

Beatrice Offshore Windfarm Limited

Statement of accounting policies *(continued)*

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.

Beatrice Offshore Windfarm Limited

Profit and loss Account

For the year ended 31 March 2015

	<i>Note</i>	2015 £'000	2014 £'000
Turnover	3	105	-
Cost of Sales		(105)	-
Gross profit		-	-
Operating expenses		(1)	-
Loss on ordinary activities before taxation		(1)	-
Tax loss on ordinary activities	4	-	-
Loss for the financial year	11	(1)	-

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

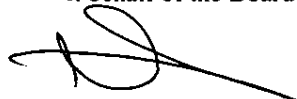
Beatrice Offshore Windfarm Limited

Balance sheet

As at 31 March 2015

	<i>Note</i>	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	5	36,830	18,929
		<hr/>	<hr/>
Current assets			
Debtors	6	986	817
Cash at bank and in hand		15,622	1,411
		<hr/>	<hr/>
		16,608	2,228
Creditors: amounts falling due within one year	7	(8,009)	(2,768)
		<hr/>	<hr/>
Net current asset / (liabilities)		8,599	(540)
		<hr/>	<hr/>
Total assets add current asset / less current liabilities		45,429	18,389
Creditors: amounts falling after one year	8	(45,430)	(18,389)
		<hr/>	<hr/>
Net assets		(1)	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(1)	-
		<hr/>	<hr/>
Shareholders' funds	10	(1)	-
		<hr/>	<hr/>

On behalf of the Board



Richard Escott
Director

18 December 2015

Beatrice Offshore Windfarm Limited

Notes

forming part of the financial statements

1 Ownership and operation

The company's immediate parent company is SSE Beatrice Offshore Windfarm Holdings (UK) Limited, owning 50% of the issued ordinary shares of the company. Repsol Beatrice Limited owns 25% of the ordinary share capital of the company, with CI Beatrice I Limited and CI Beatrice II Limited owning 12.5% each.

The company's ultimate parent undertaking is SSE plc, registered in the United Kingdom. The largest and smallest group in which the 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 Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.

No other company financial statements include the results of Beatrice Offshore Windfarm Limited.

2 Statutory and other information

Auditor's remuneration of £1,000 (2014: £1,000) has been borne by another group company in the current and prior year.

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 in the current or prior year.

3. Turnover

Turnover, which arises from the provision of wind data, is generated solely in the United Kingdom.

4 Taxation

	2015 £'000	2014 £'000
<i>Current taxation</i>		
Adjustments in respect of previous periods	-	-
	<hr/>	<hr/>
	-	-
<i>Deferred taxation</i>		
Adjustments in respect of previous periods	-	-
	<hr/>	<hr/>
Tax charge/(credit) on profit on ordinary activities	<hr/> - <hr/>	<hr/> - <hr/>

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 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Beatrice Offshore Windfarm Limited

Notes (continued)

5 Tangible fixed assets

	Assets under development
	£'000
<i>Cost</i>	
Balance at beginning of year	18,929
Additions during the year	17,901
	<hr/>
Balance at end of year	36,830
<i>Accumulated depreciation</i>	
Balance at beginning of year	-
Charge for the year	-
	<hr/>
Balance at end of year	-
	<hr/>
<i>Net book value</i>	
At 31 March 2015	36,830
	<hr/>
At 31 March 2014	18,929
	<hr/>

Tangible fixed assets include £1,878k of capitalised interest (2014: £836k).

6 Debtors

	2015 £'000	2014 £'000
VAT Receivable	858	806
Other debtors	128	11
	<hr/>	<hr/>
	986	817
	<hr/>	<hr/>

Beatrice Offshore Windfarm Limited

Notes (continued)

7 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade and other payables	422	897
Accruals	7,587	1,871
	<hr/> 8,009	<hr/> 2,768

8 Creditors: amounts falling due after one year

	2015 £'000	2014 £'000
Long-term loan – Repsol	11,183	3,785
Long-term loan – SSE Holdings UK Limited	-	14,604
Long-term loan – SSE Beatrice Offshore Windfarm Holdings (UK) Limited	22,831	-
Long-term loan – CI Beatrice I Limited	5,708	-
Long-term loan – CI Beatrice II Limited	5,708	-
	<hr/> 45,430	<hr/> 18,389

On 5 November 2014, loan owing to SSE Holdings UK Limited to date was transferred to SSE Beatrice Offshore Windfarm Holdings (UK) Limited. Subsequently, as part of the sale of shares to CI Beatrice I Limited and CI Beatrice II Limited, loan proportionate to the sale of shares were sold to these two companies.

The long-term loans are unsecured. Up to 4 Nov 2014, 75% of loans were interest bearing at 4% above 3 month LIBOR and have no fixed repayment period. The remaining 25% is interest free. From 5 November 2014, 75% of loans were interest bearing at 8%. Both interest bearing and non-interest bearing Loan Notes will mature on 5 November 2029 unless otherwise agreed by the shareholders.

Beatrice Offshore Windfarm Limited

Notes (continued)

9 Called up share capital

Allotted, called up and fully paid:

7,500 ordinary-A shares of £0.01 each
2,500 ordinary-B shares of £0.01 each

75	75
25	25
<hr/>	<hr/>
100	100
<hr/>	<hr/>

10 Reconciliation of profit and loss account and shareholders' funds

	Profit and loss account		Shareholders' funds	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Balance at beginning of year	-	-	-	-
(Loss)/profit for the financial year	(1)	-	(1)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	(1)	-	(1)	-
	<hr/>	<hr/>	<hr/>	<hr/>

11 Capital Commitments

As at 31 March 2015, the company had a total of £25.06m (2014: £1.87m) of capital commitments.

12 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 are summarised below:

	Transactions for the Year ended 31 March 2015 £'000	Transactions for the Year ended 31 March 2014 £'000
SSE Holdings UK Limited: (decrease) / increase in loan (Long Term)	(14,604)	7,175
SSE Beatrice Offshore Windfarm Holdings (UK) Limited: increase in loan (Long Term)	22,831	-
Repsol Beatrice Limited: increase in loan (Long Term)	7,398	1,853
Repsol Beatrice Limited : Personnel cost charges	122	-
CI Beatrice I Limited: increase in loan (Long Term)	5,708	-
CI Beatrice II Limited: increase in loan (Long Term)	5,708	-
	<hr/>	<hr/>

Beatrice Offshore Windfarm Limited

Notes (*continued*)

12 Related party transactions (*continued*)

The long term loans include the following interest charges in the year.

	Capitalised 2015 £'000	Capitalised 2014 £'000
SSE Holdings UK Limited	298	312
SSE Beatrice Offshore Windfarm Holdings (UK) Limited	336	-
Repsol Beatrice Limited	243	80
CI Beatrice I Limited	85	-
CI Beatrice II Limited	85	-
	<hr/>	<hr/>

14 Approval of financial statements

The directors approved these financial statements on 18 December 2015.