

**OPW Holdco Limited**  
Annual report and financial statements  
Registered number 07254492  
31 December 2015

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## Strategic Report

The directors present their strategic report and financial statements for the year ended 31 December 2015.

## Business review

The company had a successful year, with performance and electricity generation from the Walney offshore windfarm in line with the group forecast assumptions. OPW Holdco Limited's 24.8% share of the generation was 351 GWh. The company generated turnover for the year of £42,362,000 (2014: £42,038,000) and made an operating profit for the year of £10,137,000 (2014: £10,157,000).

## Principal risks and uncertainties

The company's activities expose it to a number of financial risks.

### *Credit risk*

The company's credit risk is primarily attributable to recoverability of its debtors, including trade debtors.

### *Liquidity risk*

In order to maintain liquidity and ensure that sufficient funds are available to meet its financial commitments, the company relies on extensive cash flow forecasting.

The company uses the cash flow forecasts to ensure that both the principal and interest payments in respect of its debt position are covered by sufficient incoming cash flows.

### *Interest risk*

The company uses derivatives, including interest rate swaps, to manage its exposure to interest rate movements on its bank borrowings.

### *Volume and price risk*

The company has an agreement with the company in which it holds an investment, Walney (UK) Offshore Wind Farms Limited, to purchase electricity at an indexed fixed annual price irrespective of volume. The company also has an agreement with its customer to sell the electricity at variable prices linked to the LEBA (London Energy Brokers' Association) Index.

By order of the board



Mr E J van de Brake  
Director

Date: 14 July 2016

## **Directors' Report**

The directors present their report and unaudited financial statements for the year ended 31 December 2015.

### **Principal activity**

The principal activities of the company are as a holding company for an investment in Walney (UK) Offshore Windfarms Limited, and the resale of its share of the electricity generated by this undertaking.

### **Results and proposed dividend**

The profit for the year, after taxation, amounted to £10,728,000 (2014: £23,000).

The directors do not recommend the payment of a dividend.

### **Directors**

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

Mr D van Alphen (resigned 12 February 2015)  
Mr E J van de Brake (appointed 12 February 2015)  
Mrs A Roshier (resigned 23 February 2016)  
Mr C Herriott (appointed 2 March 2016)

### **Financial instruments**

Details of the company's financial risk management objectives and policies, including its use of financial instruments and the key risks to which it is exposed, are included in the strategic report on page 1.

### **Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Directors' Report** *(continued)*

**Auditor**

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

By order of the board



**Mr E J van de Brake**  
*Director*

Beeston Lodge  
Beeston Lane  
Spixworth  
Norwich  
NR10 3TN

Date: 14 July 2016

**Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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.

## **Independent auditor's report to the members of OPW Holdco Limited**

We have audited the financial statements of OPW Holdco Limited for the year ended 31 December 2015, set out on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As 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](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 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.

## **Independent auditor's report to the members of OPW Holdco Limited**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

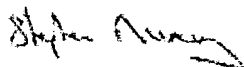
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stephen Muncey (Senior Statutory Auditor)  
for and on behalf of  
**KPMG LLP**  
Chartered Accountants  
Statutory Auditor  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

Date: 14 July 2016

**Profit and Loss Account and Other Comprehensive Income  
for the year ended 31 December 2015**

|   | Note | 2015<br>£000  | 2014<br>£000  |
|---|------|---------------|---------------|
| Turnover  | 2    | 42,362        | 42,038        |
| Cost of sales   |      | (29,609)      | (29,360)      |
| <b>Gross profit</b>   |      | <b>12,753</b> | <b>12,678</b> |
| Administrative expenses                                     |      | (2,616)       | (2,521)       |
| <b>Operating profit</b>                                     |      | <b>10,137</b> | <b>10,157</b> |
| Income from participating interests                         | 6    | 17,722        | 20,159        |
| Other interest receivable and similar income                | 7    | 1,814         | 155           |
| Interest payable and similar charges                        | 8    | (18,945)      | (30,502)      |
| <b>Profit/(loss) on ordinary activities before taxation</b> |      | <b>10,728</b> | <b>(31)</b>   |
| Tax on profit on ordinary activities                        | 9    | -             | 54            |
| <b>Profit for the financial year</b>                        |      | <b>10,728</b> | <b>23</b>     |
| <b>Other comprehensive income</b>                           |      |               |               |
| Other comprehensive income for the year net of income tax   |      | -             | -             |
| <b>Total comprehensive income for the year</b>              |      | <b>10,728</b> | <b>23</b>     |

The notes on pages 10 to 28 form part of the financial statements.

**Balance Sheet**  
**At 31 December 2015**

|  | Note | 2015<br>£000 | 2014<br>£000 |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Investments  | 10   | 282,274      | 282,274      |
| <b>Current assets</b>  |      |              |              |
| Debtors  | 11   | 4,581        | 3,981        |
| Cash at bank and in hand                                       |      | 23,201       | 24,807       |
| <b>Creditors: amounts falling due within one year</b>          | 12   | (37,774)     | (34,624)     |
| <b>Net current liabilities</b>                                 |      | (9,992)      | (5,836)      |
| <b>Total assets less current liabilities</b>                   |      | 272,282      | 276,438      |
| <b>Creditors: amounts falling due after more than one year</b> | 13   | (246,129)    | (261,013)    |
| <b>Net assets</b>  |      | 26,153       | 15,425       |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called up share capital  | 17   | 15,413       | 15,413       |
| Profit and loss account  |      | 10,740       | 12           |
| <b>Shareholders' funds</b>                                     |      | 26,153       | 15,425       |

These financial statements were approved by the board of directors on 14 July 2016 and were signed on its behalf by:

  
**Mr E J van de Brake**  
Director

Company registered number: 07254492

The notes on pages 10 to 28 form part of the financial statements.

**Statement of Changes in Equity**

|   | <b>Called up<br/>Share<br/>capital<br/>£000</b> | <b>Profit<br/>and loss<br/>account<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
|---|---|---|----------------------------------|
| Balance at 1 January 2014                                   | 15,413  | (11)  | 15,402                           |
| Total comprehensive income for the period                   | -   | 23  | 23                               |
| <b>Balance at 31 December 2014</b>                          | <b>15,413</b>                                   | <b>12</b>                                       | <b>15,425</b>                    |
|   |   |   |                                  |
|   | <b>Called up<br/>Share<br/>capital<br/>£000</b> | <b>Profit<br/>and loss<br/>account<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
| Balance at 1 January 2015                                   | 15,413  | 12  | 15,425                           |
| Total comprehensive income for the period                   | -   | 10,728  | 10,728                           |
| <b>Balance at 31 December 2015</b>                          | <b>15,413</b>                                   | <b>10,740</b>                                   | <b>26,153</b>                    |
|   |   |   |                                  |
| Set aside for dividends declared after the reporting period |   | -   | -                                |
| <b>Total</b>  |   | <b>10,740</b>                                   | <b>26,153</b>                    |

The notes on pages 10 to 28 form part of the financial statements.

## Notes (forming part of the financial statements)

### 1 Accounting policies

OPW Holdco Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The address of the registered office is Beeston Lodge, Beeston Lane, Spixworth, Norwich NR10 3TN.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014, Companies Act and FRC Abstracts. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The directors reserve the right to voluntarily amend the financial statements if they prove to be defective in accordance with section 454 of the Companies Act 2006.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 24.

The Company's ultimate parent undertaking, OPW Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of OPW Topco Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.2 Going concern**

At the period end the company had net current liabilities of £9,992,000 (2014: £5,836,000) including cash balances of £23,201,000 (2014: £24,807,000). Net assets at the same date were £26,153,000 (2014: £15,425,000). The financial forecasts prepared by the directors show that the company has the capacity to meet its interest and debt repayment obligations as scheduled for at least 12 months from the date of signature of these financial statements. The directors, therefore, consider it appropriate to prepare the financial statements on the going concern basis.

**1.3 Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

**1.4 Basic financial instruments**

*Trade and other debtors / creditors*

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

**Notes (continued)**

**1 Accounting policies (continued)**

**1.4 Basic financial instruments (continued)**

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Investments in associates*

These are separate financial statements of the company. Investments in associates are carried at cost less impairment.

**1.5 Other financial instruments**

*Financial instruments not considered to be Basic financial instruments*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

*Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

*Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit or loss (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.5 Other financial instruments (continued)**

*Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the profit or loss the hedging gain or loss is reclassified to the profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit or loss immediately.

**1.6 Impairment excluding stocks and deferred tax assets**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.6 Impairment excluding stocks and deferred tax assets (continued)**

*Non-financial assets*

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

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

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

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

**1.7 Turnover**

Turnover is the amount derived from the resale of the company's share of electricity generated by Walney (UK) Offshore Windfarms Limited and associated renewable certificates and embedded benefits measured at the fair value of consideration received or receivable net of value added tax.

Turnover (except for the recycled element of the ROC price) is recognised where there is a signed unconditional contract of sale and is based upon the quantity of electricity exported and the contracted rate on the date of generation.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.7 Turnover (continued)**

Renewable Obligation Certificates (ROCs) sold during the financial period - this price is variable and estimated based on a number of factors including UK electricity demand, targets set for the renewable generation and the actual amount of energy generation achieved.

The ROC price invoiced each month includes an estimate of the ROC recycling value which is published by Ofgem in October each year for the preceding RO compliance year ended 31 March. The final ROC recycling value is dependent on a number of factors affecting the UK renewable market, including UK electricity demand, targets set for renewable energy generation and the amount of ROCs generated. The ROC recycling amount invoiced monthly in advance is deferred in the statutory accounts and released to the profit and loss account following notification of the final amount. A reconciliation is performed annually to ensure the actual amount invoiced for the compliance year is in accordance with the amount published by Ofgem.

**1.8 Expenses**

*Interest receivable and Interest payable*

Interest income and interest payable, including finance charges on shares treated as liabilities, are recognised in profit or loss as they accrue, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

**1.9 Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.9 Taxation (continued)**

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

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

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

**2 Turnover**

|                            | 2015<br>£000  | 2014<br>£000  |
|----------------------------|---------------|---------------|
| Sale of goods              | 42,362        | 42,038        |
| Total turnover             | <u>42,362</u> | <u>42,038</u> |
| By activity                |               |               |
| Electricity sold           | 42,362        | 42,038        |
|                            | <u>42,362</u> | <u>42,038</u> |
| By geographical market     |               |               |
| United Kingdom             | -             | -             |
| Rest of the European Union | 42,362        | 42,038        |
|                            | <u>42,362</u> | <u>42,038</u> |

**3 Expenses and auditors' remuneration**

*Auditor's remuneration:*

|                                     | 2015<br>£000 | 2014<br>£000 |
|-------------------------------------|--------------|--------------|
| Audit of these financial statements | 10           | 10           |

**Notes (continued)**

**4 Staff numbers**

The company has no employees (2014: nil).

**5 Directors' remuneration**

The directors did not receive any remuneration (2014: £nil).

**6 Income from participating interests**

|                                 | <b>2015</b>          | 2014          |
|---------------------------------|----------------------|---------------|
|                                 | <b>£000</b>          | £000          |
| Dividend income from associates | <b>17,722</b>        | 20,159        |
|                                 | <u><b>17,722</b></u> | <u>20,159</u> |

**7 Other interest receivable and similar income**

|  | <b>2015</b>         | 2014       |
|--|---------------------|------------|
|  | <b>£000</b>         | £000       |
| Net gain on financial assets measured at fair value through profit or loss | <b>1,670</b>        | -          |
| Interest receivable on financial assets at amortised cost                  | <b>144</b>          | 155        |
|  | <u><b>1,814</b></u> | <u>155</u> |

**8 Interest payable and similar charges**

|  | <b>2015</b>          | 2014          |
|--|----------------------|---------------|
|  | <b>£000</b>          | £000          |
| Net loss on financial assets measured at fair value through profit or loss | -                    | 10,889        |
| Interest payable on financial liabilities at amortised cost                | <b>18,945</b>        | 19,613        |
|  | <u><b>18,945</b></u> | <u>30,502</u> |

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts of £8,677,000 (2014: £8,029,000) and on all other loans of £10,268,000 (2014: £11,584,000). Of the above amount £9,248,000 (2014: £9,248,000) was payable to group undertakings.

**Notes (continued)**

**9 Taxation**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

|   | 2015<br>£000 | £000            | 2014<br>£000 | £000               |
|---|--------------|-----------------|--------------|--------------------|
| <i>Current tax</i>  |              |                 |              |                    |
| Current tax on income for the period  |              | -               |              | (54)               |
| Adjustments in respect of prior periods   |              | -               |              | -                  |
| Total current tax   |              | <u>-</u>        |              | <u>(54)</u>        |
| <i>Deferred tax (see note 16)</i>   |              |                 |              |                    |
| Origination and reversal of timing differences                                    | -            |                 | -            |                    |
| Change in tax rate  | -            |                 | -            |                    |
| Total deferred tax  |              | <u>-</u>        |              | <u>-</u>           |
| Tax expense(income) relating to changes in accounting policies and material error |              | -               |              | -                  |
| Total tax   |              | <u><u>-</u></u> |              | <u><u>(54)</u></u> |

|  | £000        | 2015<br>£000 | £000      | £000        | 2014<br>£000 | £000        |
|--|-------------|--------------|-----------|-------------|--------------|-------------|
|  | Current tax | Deferred tax | Total tax | Current tax | Deferred tax | Total tax   |
| Recognised in Profit and loss account    | -           | -            | -         | (54)        | -            | (54)        |
| Recognised in other comprehensive income | -           | -            | -         | -           | -            | -           |
| Recognised directly in equity            | -           | -            | -         | -           | -            | -           |
| Total tax                                | <u>-</u>    | <u>-</u>     | <u>-</u>  | <u>(54)</u> | <u>-</u>     | <u>(54)</u> |

**Notes (continued)**

**9 Taxation (continued)**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity (continued)**

*Analysis of current tax recognised in profit and loss*

|   | <b>2015</b><br><b>£000</b> | 2014<br>£000 |
|---|----------------------------|--------------|
| UK corporation tax                              | -                          | (54)         |
| Double taxation relief                          | -                          | -            |
| Foreign tax                                     | -                          | -            |
| Total current tax recognised in profit and loss | <u>-</u>                   | <u>(54)</u>  |

**Reconciliation of effective tax rate**

|   | <b>2015</b><br><b>£000</b> | 2014<br>£000 |
|---|----------------------------|--------------|
| Profit for the year   | <b>10,728</b>              | 23           |
| Total tax expense   | -                          | (54)         |
| Profit/(loss) excluding taxation                                  | <b>10,728</b>              | (31)         |
| Tax using the UK corporation tax rate of 20.00% (2014: 21.50%)    | <b>2,145</b>               | (7)          |
| Non-deductible expenses   | <b>1,516</b>               | 4,341        |
| Tax exempt revenues   | <b>(3,544)</b>             | (4,334)      |
| Group relief  | <b>(117)</b>               | -            |
| Under / (over) provided in prior years                            | -                          | (173)        |
| Payment in respect of consortium relief in respect of prior years | -                          | 119          |
| Total tax expense included in profit or loss                      | <u>-</u>                   | <u>(54)</u>  |

Further reductions to the UK corporation tax rate were announced in the March 2014 budget. The main rate has been reduced to 21% for the financial year 2014 20% for the financial year 2015. It was also announced in the March 2016 budget that the main rate will reduce to 19% for financial years from 2017 and 17% for financial years from 2020.

**Notes (continued)**

**10 Fixed asset investments**

|                       | <b>Participating interests</b> |             |
|-----------------------|--------------------------------|-------------|
|                       | <b>2015</b>                    | <b>2014</b> |
|                       | <b>£000</b>                    | <b>£000</b> |
| <b>Cost</b>           |                                |             |
| At beginning of year  | <b>282,274</b>                 | 282,274     |
| Additions             | -                              | -           |
| Disposals             | -                              | -           |
| At end of year        | <b>282,274</b>                 | 282,274     |
| <b>Provisions</b>     |                                |             |
| At beginning of year  | -                              | -           |
| Provided in year      | -                              | -           |
| Disposals             | -                              | -           |
| At end of year        | -                              | -           |
| <b>Net book value</b> |                                |             |
| At 1 January          | <b>282,274</b>                 | 282,274     |
| At 31 December        | <b>282,274</b>                 | 282,274     |

The Company has the following investments in associates:

|  | <b>Country of<br/>incorporation</b> | <b>Class of<br/>shares held</b>              | <b>Number of<br/>shares held</b> |             | <b>Percentage<br/>ownership</b> |             |
|--|-------------------------------------|--|----------------------------------|-------------|---------------------------------|-------------|
|  |                                     |  | <b>2015</b>                      | <b>2014</b> | <b>2015</b>                     | <b>2014</b> |
| Walney (UK)<br>Offshore Windfarms<br>Limited | UK                                  | £1 Ordinary                                  | 4,712                            | 3,720       | 24.8%                           | 24.8%       |
|  |                                     | <b>Aggregate of capital and<br/>reserves</b> | <b>2015</b>                      | <b>2014</b> | <b>Profit for the year</b>      | <b>2014</b> |
|  |                                     |  | <b>£000</b>                      | <b>£000</b> | <b>£000</b>                     | <b>£000</b> |
| Walney (UK)<br>Offshore Windfarms<br>Limited |                                     |  | 763,296                          | 814,923     | 17,473                          | 1,500       |

On 20 December 2010, OPW Holdco Limited (OPWH) entered into a Sale and Purchase Agreement (SPA) with Dong Energy Power (UK) Limited (DEP) for the purchase of 24.8% of the ordinary shares of Walney (UK) Offshore Windfarms Limited. On the same day OPWH and DEP entered into a Bilateral Shareholders' Agreement (SHA) to govern certain matters with respect to their shareholdings.

**Notes (continued)**

**10 Fixed asset investments (continued)**

In addition the Bilateral parties also acknowledged that one Shared Risk Event (SRE) had occurred in respect of the project under the SHA which required an additional contingent consideration payment to be made in line with the SPA. The company's share of the increased capital expenditure of the project under the SRE was agreed in 2013 at £3,600,000 as noted in the Deed. Of this, £1,800,000 was paid and £1,800,000 accrued in the year ended 31 December 2013 with a corresponding increase in the group's investment in its associate through goodwill. The second instalment of £1,800,000 was paid during the year ended 31 December 2014.

**11 Debtors**

|                                    | 2015<br>£000 | 2014<br>£000 |
|------------------------------------|--------------|--------------|
| Trade debtors                      | 2,237        | 2,648        |
| Amounts owed by group undertakings | 159          | 122          |
| Other debtors                      | 24           | 24           |
| Prepayments and accrued income     | 2,161        | 1,187        |
|                                    | <u>4,581</u> | <u>3,981</u> |
| Due within one year                | 4,581        | 3,981        |
| Due after more than one year       | -            | -            |
|                                    | <u>4,581</u> | <u>3,981</u> |

**12 Creditors: amounts falling due within one year**

|   | 2015<br>£000  | 2014<br>£000  |
|---|---------------|---------------|
| Bank loans and overdrafts (see note 14) | 13,214        | 13,369        |
| Trade creditors                         | 180           | 118           |
| Amounts owed to participating interests | 2,493         | 2,454         |
| Accruals and deferred income            | 3,294         | 2,088         |
| Interest payable                        | 18,593        | 16,595        |
|   | <u>37,774</u> | <u>34,624</u> |

The interest payable relates to the arrears of fixed cumulative dividends in respect of the company's shares classified as debt. The balance relates to dividends which have become payable since December 2013.

**Notes (continued)**

**13 Creditors: amounts falling after more than one year**

|   | 2015<br>£000   | 2014<br>£000   |
|---|----------------|----------------|
| Shares classified as debt (see note 14)   | 77,065         | 77,065         |
| Bank loans and overdrafts (see note 14)   | 166,849        | 180,063        |
| Other financial liabilities (see note 15) | 2,215          | 3,885          |
|   | <u>246,129</u> | <u>261,013</u> |

**14 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

|   | 2015<br>£000   | 2014<br>£000   |
|---|----------------|----------------|
| <b>Creditors falling due within one year</b>            |                |                |
| Bank loans  | <u>13,214</u>  | <u>13,369</u>  |
| <b>Creditors falling due between one and two years</b>  |                |                |
| Bank loans  | <u>13,966</u>  | <u>13,214</u>  |
| <b>Creditors falling due between two and five years</b> |                |                |
| Bank loans  | <u>152,883</u> | <u>166,849</u> |
| <b>Creditors falling due after five years</b>           |                |                |
| Shares classified as debt                               | <u>77,065</u>  | <u>77,065</u>  |

Included within shares classified as debt are amounts repayable after five years by instalments and otherwise than by instalments of £nil (2014: £nil) and £77,065,000 (2014: £77,065,000) respectively.

**Notes (continued)**

**14 Interest-bearing loans and borrowings (continued)**

*Terms and debt repayment schedule*

|                                 | Currency | Nominal<br>interest<br>rate | Year of<br>maturity | Repayment<br>schedule   | 2015           | 2014           |
|---------------------------------|----------|-----------------------------|---------------------|-------------------------|----------------|----------------|
|                                 |          |                             |                     |                         | £000           | £000           |
| Bank loans                      | £        | LIBOR<br>+3.2%              | 2019                | Biannual<br>instalments | 180,063        | 193,432        |
| Shares<br>classified as<br>debt | £        | 12%                         | None                | None                    | 77,065         | 77,065         |
|                                 |          |                             |                     |                         | <u>257,128</u> | <u>270,497</u> |

The bank loans are secured by fixed and floating charge over the company's assets (see note 19).

**15 Other financial liabilities**

|   | 2015<br>£000  | 2014<br>£000  |
|---|---------------|---------------|
| <b>Amounts falling due within one year</b>                            |               |               |
| Financial liabilities designated as fair value through profit or loss | -             | -             |
| Financial liabilities held for trading (including all derivatives)    | -             | -             |
| Other financial liabilities measured at amortised cost                | 24,560        | 21,255        |
|   | <u>24,560</u> | <u>21,255</u> |
| <b>Amounts falling due after one year</b>                             |               |               |
| Financial liabilities designated as fair value through profit or loss | 2,215         | 3,885         |
| Financial liabilities held for trading (including all derivatives)    | -             | -             |
| Other financial liabilities measured at amortised cost                | -             | -             |
|   | <u>2,215</u>  | <u>3,885</u>  |

**16 Deferred tax assets and liabilities**

The Company has unrecognised gross tax losses of £18,393,000 (2014: £18,393,000).

**Notes (continued)**

**17 Capital and reserves**

**Share capital**

|   | 2015<br>£000  | 2014<br>£000  |
|---|---------------|---------------|
| <b><i>Issued, allotted, called up and fully paid</i></b>          |               |               |
| 15,412,987 ordinary shares of £1 each                             | 15,413        | 15,413        |
| 77,064,925 12% cumulative redeemable preference shares of £1 each | 77,065        | 77,065        |
|   | <u>92,478</u> | <u>92,478</u> |
| Shares classified as liabilities                                  | 77,065        | 77,065        |
| Shares classified in shareholders' funds                          | 15,413        | 15,413        |
|   | <u>92,478</u> | <u>92,478</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares are redeemable at the option of the company with the agreement of the shareholders. The premium on redemption is £nil. The holders of preference shares are entitled to receive cumulative dividends and are not entitled to vote at meetings of the Company.

No dividends have been proposed on ordinary share capital (2014: £nil).

**18 Financial instruments**

**18 (a) Carrying amount of financial instruments**

The carrying amounts of the financial assets and liabilities include:

|   | 2015<br>£000   | 2014<br>£000   |
|---|----------------|----------------|
| Assets measured at amortised cost                         | 4,581          | 3,981          |
| Assets measured at cost less impairment                   | 282,274        | 282,274        |
| Liabilities measured at fair value through profit or loss | 2,215          | 3,885          |
| Liabilities measured at amortised cost                    | <u>281,688</u> | <u>291,752</u> |

**Notes (continued)**

**18 (b) Financial instruments measured at fair value**

*Derivative financial instruments*

The fair value of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rates curves.

**18 (c) Fair values**

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

|  | <b>Fair<br/>value<br/>2015<br/>£000</b> | <b>Fair<br/>value<br/>2014<br/>£000</b> |
|--|---|---|
| <b>Liabilities measured at fair value<br/>through profit or loss</b> | <b>2,215</b>                            | <b>3,885</b>                            |

The financial liabilities measured at fair value through profit or loss are interest rate swap instruments which contract the company to make fixed interest payments at an average rate of 2.048% and receive floating interest LIBOR based receipts. They cover £154,360,000 of the Lloyds TSB bank loan borrowings and have December 2026 maturity dates.

**19 Contingencies**

On 17 February 2011 OPW Holdco Limited entered in to a debenture in favour of Dong Energy Power (UK) Limited as Security Trustee. The debenture created a fixed and floating charge over the company's assets as security for borrowings and liabilities pursuant to various shareholder and supplementary agreements entered into on 20 December 2010 when OPW Holdco Limited purchased its shares in Walney (UK) Offshore Windfarms Limited. The debenture was assigned to Lloyds TSB Bank PLC as Security Trustee on 18 December 2012 as part of the company's refinancing.

OPW Holdco Limited has a contingent liability arising from an obligation to financially support its associate, Walney (UK) Offshore Windfarms Limited. This obligation derives from the Joint Shareholder Agreement dated 20 December 2010 as amended and restated on 18 December 2012, whereby the shareholders of WOWL each commit to support WOWL with funding pro-rata to their shareholding if WOWL does not have sufficient cash resources to meet its financial commitments itself. This obligation is contained in the shareholder agreement and therefore remains in place as long as OPW Holdco Limited is a shareholder of WOWL.

**Notes (continued)**

**19 Contingencies (continued)**

The Joint Shareholders' Agreement between the shareholders of Walney (UK) Offshore Windfarms Limited provides that certain bilateral settlements between individual shareholders, arising under the Bilateral Shareholders' Agreements, can be recovered via the WOWL distribution process and the allotment of shares in WOWL pursuant to that process. The allotment premium paid for WOWL shares may therefore differ between the shareholders, depending on the settlement of bilateral shareholder obligations that have been factored into the distributions from time to time.

**20 Related parties**

*Identity of related parties with which the Company has transacted*

During the year the company transacted with Walney (UK) Offshore Windfarms Limited, the company's associate undertaking, OPW Midco Limited, the company's immediate parent company, OPW Topco Limited, the parent company of OPW Midco Limited, and Ampere Project Holdings 6 B V, which owns 40% of the ordinary share capital of OPW Holdco Limited.

*Other related party transactions*

|  | <b>Preference<br/>dividends<br/>payable</b> |              | <b>Electricity<br/>purchases</b> |               |
|--|---|--------------|----------------------------------|---------------|
|  | <b>2015</b>                                 | <b>2014</b>  | <b>2015</b>                      | <b>2014</b>   |
|  | <b>£000</b>                                 | <b>£000</b>  | <b>£000</b>                      | <b>£000</b>   |
| OPW Midco Limited                      | 5,549                                       | 5,549        | -                                | -             |
| Ampere Project Holdings 6 B V          | 3,699                                       | 3,699        | -                                | -             |
| Walney (UK) Offshore Windfarms Limited | -   | -            | 29,609                           | 29,360        |
|  | <u>9,248</u>                                | <u>9,248</u> | <u>29,609</u>                    | <u>29,360</u> |
|  | <u>9,248</u>                                | <u>9,248</u> | <u>29,609</u>                    | <u>29,360</u> |
|  |   |              |                                  |               |
|  | <b>Debtors<br/>outstanding</b>              |              | <b>Creditors<br/>outstanding</b> |               |
|  | <b>2015</b>                                 | <b>2014</b>  | <b>2015</b>                      | <b>2014</b>   |
|  | <b>£000</b>                                 | <b>£000</b>  | <b>£000</b>                      | <b>£000</b>   |
| OPW Topco Limited                      | 83  | 62           | -                                | -             |
| OPW Midco Limited                      | 76  | 59           | 11,162                           | 9,963         |
| Ampere Project Holdings 6 B V          | -   | -            | 7,431                            | 6,632         |
| Walney (UK) Offshore Windfarms Limited | -   | -            | 2,493                            | 2,454         |
|  | <u>159</u>                                  | <u>121</u>   | <u>21,086</u>                    | <u>19,049</u> |
|  | <u>159</u>                                  | <u>121</u>   | <u>21,086</u>                    | <u>19,049</u> |

**Notes (continued)**

**20 Related parties (continued)**

On 28 May 2015, the company acquired 248 £1 ordinary shares in Walney (UK) Offshore Windfarms Limited at a premium of £693,000 to offset against dividends receivable as prescribed by the shareholder agreement.

On 27 November 2015, the company acquired 248 £1 ordinary shares in Walney (UK) Offshore Windfarms Limited at a premium of £704,000 to offset against dividends receivable as prescribed by the shareholder agreement.

**21 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of OPW Midco Limited. The ultimate controlling party is Stichting Depositary PGGM, incorporated in the Netherlands, by virtue of its majority shareholding in OPW Topco Limited, which is the parent company of OPW Midco Limited.

The largest group in which the results of the Company are consolidated is that headed by OPW Topco Limited, incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of OPW Topco Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

**22 Accounting estimates and judgements**

In the process of applying the company's accounting policies, management necessarily makes judgements and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgements and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgements and estimates are explained below.

*Investment in associate*

The company's investment in its 24.8% owned associate, Walney (UK) Offshore Windfarms Limited, has been recognised at cost less accumulated impairment rather than fair value. This is on the basis that the directors are not judged based on the performance of the investment. There are no plans to sell the investment in the foreseeable future so the fair value will not be realised.

*Impairment*

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment, either internal or external for all non-current assets.

The directors used discounted cash flow forecasts in order to estimate the market value of its investment in Walney (UK) Offshore Windfarms Limited for the purposes of assessing whether the asset is impaired.

*Amortised cost*

The rate at which preferential dividends accrue in respect of the preference shares treated as debt of 12% per annum has been deemed to be in line with commercial rates therefore no amortised cost adjustments have been made.

**Notes (continued)**

**23 Post balance sheet event**

On 4<sup>th</sup> December 2015, the export cable for the Walney 2 Project failed, resulting in the loss of output for 51 of the 102 turbines. The export cable repair is the responsibility of the Offshore Transmission Owner (OFTO). The repair of the cable was completed by 19<sup>th</sup> March 2016 and Walney 2 has been operational since that date. The output from the 51 Walney 1 turbines was unaffected.

OPW holds business interruption insurance which covers all operating and debt service costs during the period of any outage, subject to a 45 day deductible and a maximum 18 month indemnity period.

**24 Explanation of transition to FRS 102 from old UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

*Reconciliation of profit/loss and equity from old GAAP to FRS 102*

|  | Note | Profit for<br>the year<br>ended 31<br>December<br>2014<br>£000 | Equity as at<br>31<br>December<br>2014<br>£000 | Equity as at<br>1 January<br>2014<br>£000 |
|--|------|--|--|---|
| <b>Amount under old GAAP</b>                   |      | <b>10,912</b>  | <b>19,310</b>                                  | <b>8,398</b>                              |
| Change in fair value of interest rate<br>swaps | a    | (10,889)   | (3,885)  | 7,004                                     |
| <b>Amount under FRS 102</b>                    |      | <b>23</b>  | <b>15,425</b>                                  | <b>15,402</b>                             |

*Notes to the reconciliation of profit/loss*

- a) The changes in equity relate to the recognition of the company's interest rate swaps (see note 18) at fair value and subsequent revaluation at each reporting date at fair value. The interest rate swaps were not recognised under previous GAAP.