

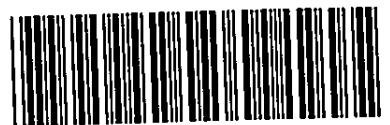
**SSE Renewables (Galloper)
No.2 Limited**

**Directors' report and
financial statements**

Period ended 31 March 2013

Registered number 07318697

THURSDAY



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SSE Renewables (Galloper) No.2 Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors report and the financial statements	4
Independent auditor's report	5
Statement of accounting policies	7
Profit and loss account	9
Balance sheet	10
Notes forming part of the financial statements	11

SSE Renewables (Galloper) No.2 Limited

Directors and other information

Directors

R Escott
C Giblin
F McCutcheon

Registered office

55 Vastern Road
Reading
Berkshire
RG1 8BU

Secretary

L J V Donnelly

Solicitors

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

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

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 2013

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.

The company's immediate parent undertaking was formerly SSE Renewables Developments (UK) Limited. During the year SSE Renewables Developments (UK) Limited sold its shares in SSE Renewables (Gallopier) No 2 Limited to SSE Renewables Holdings (UK) Limited at market value. The shares were then transferred by means of a dividend in specie and share transfer to 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 2013

The results for the year ended 31 March 2013 are set out on page 9 and related notes. The balance sheet at 31 March 2013 is set out on page 10 and indicates net assets of £6,080 (2012 £2,571). The directors do not recommend payment of a dividend.

Directors and secretary

The following directors were appointed to office during the year ended 31 March 2013:

Director	Appointment date
R. Escott	30/07/2012
C. Giblin	11/01/2013

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 2013.

Political and charitable donations

The company did not make any political or charitable donations during the year (2012 £nil).

SSE Renewables (Gallopier) No.2 Limited

Registered number 07318697

Directors' Report (*continued*)

Post balance sheet events

There have been no significant events since the balance sheet date

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


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

In accordance with Section 487 of the Companies Act, 2006, the auditor, KPMG, Chartered Accountants will be deemed to be reappointed and therefore will continue in office.

On behalf of the Board


Caoimhe Giblin
Director

13 November 2013

SSE Renewables (Gallop) 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 generally 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.

On behalf of the Board


Caoimhe Giblin
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

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 2013 set out on pages 9 to 16, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its profit 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 SSE Renewables (Galloper) No 2 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

C. Mullen (Senior Statutory Auditor)

For and on behalf of KPMG, Statutory Auditor

1 Stokes Place

St. Stephen's Green

Dublin 2

Ireland

13 November 2013

SSE Renewables (Galloper) No.2 Limited

Statement of accounting policies (*continued*)

for the year ended 31 March 2013

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 (£).

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.

Basis of consolidation

Entities other than subsidiary undertakings or joint ventures, in which the company has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the company financial statements associates are accounted for using the equity method.

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 2013*

Tangible fixed assets

Tangible fixed 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 (Gallopier) No.2 Limited

Profit and loss account for the year ended 31 March 2013

	<i>Note</i>	2013 £	2012 £
Sundry Costs		-	(150)
Loss on ordinary activities before interest		-	(150)
Interest receivable	3	13	3
Bank charges		-	-
Profit/ (loss) on ordinary activities before taxation		13	(147)
Tax on profit/(loss) on ordinary activities	9	3,496	2,710
Profit for the financial year	11	3,509	2,563

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

On behalf of the Board

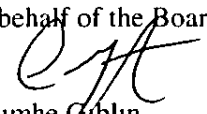

Caoimhe Gíblín
Director

SSE Renewables (Gallopier) No.2 Limited

Balance sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	4	4,080,454	1,527,657
Financial assets	5	825,845	220,695
		4,906,299	1,748,352
Current assets			
Debtors	6	172,922	60,938
Cash at bank and in hand		138,509	103,055
		311,431	163,993
Creditors: amounts falling due within one year	7	(1,767,898)	(238,339)
Net current liabilities		(1,456,467)	(74,346)
Total assets less current liabilities		3,449,832	1,674,006
Creditors: amounts falling due after one year	8	(3,362,294)	(1,639,377)
Provisions for liabilities and charges	14	(81,458)	(32,058)
Net assets		6,080	2,571
Capital and reserves			
Called up share capital	10	8	8
Profit and loss account	11	6,072	2,563
Shareholders' funds	11	6,080	2,571

On behalf of the Board


Caoimhe O'Brien
Director

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 immediate parent undertaking was formerly SSE Renewables Developments (UK) Limited. During the year SSE Renewables Developments (UK) Limited sold its shares in SSE Renewables (Gallopier) No 2 Limited to SSE Renewables Holdings (UK) Limited at market value. The shares were then transferred by means of a dividend in specie and share transfer to SSE Gallopier Offshore Windfarm Holdings Limited.

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 Inveralmond 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

	2013 £	2012 £
Audit and tax fees	1,000	1,000
	<hr/>	<hr/>

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 2013 (2012: £nil).

The company had no employees during the year ended 31 March 2013 (2012: nil).

3 Interest receivable

	2013 £	2012 £
Bank interest received	13	3
	<hr/>	<hr/>

SSE Renewables (Gallopier) No.2 Limited

Notes (*continued*)

4 Tangible fixed assets

	Assets under Development £
<i>Cost</i>	
Balance at beginning of year	1,527,657
Additions	2,552,797
	<hr/>
Balance at end of year	4,080,454
	<hr/>
<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 2013	4,080,454
	<hr/>
At 31 March 2012	1,527,657
	<hr/>

Tangible fixed assets include £220,412 of capitalized interest (2012 £ 133,758)

5 Financial assets

	2013 £	2012 £
Investment in associate	825,845	220,695
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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 March 2013 amounted to £ (769) (2012 £2,201). The company made a profit of ££2,970 during the year ended 31 March 2013 (2012 £2,964).

SSE Renewables (Galloper) No.2 Limited

Notes (*continued*)

6 Debtors

	2013 £	2012 £
VAT receivable	85,250	26,164
SSE Renewables Developments (UK) Limited	8	6
Corporation tax credit owed from a Group company	87,664	34,768
	<hr/>	<hr/>
	172,922	60,938
	<hr/>	<hr/>

All amounts fall due within one year

7 Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to Galloper Wind Farm Ltd	1,767,898	238,339
	<hr/>	<hr/>

8 Creditors: amounts falling after one year

	2013 £	2012 £
Long-term loan- SSE plc	3,362,294	1,639,377
	<hr/>	<hr/>

The long-term loan is unsecured and has no fixed repayment period The loan is interest bearing at 5 34%

SSE Renewables (Gallopier) No.2 Limited

Notes (continued)

9 Taxation

	2013 £	2012 £
<i>Current taxation</i>		
Current tax credit	(52,896)	(34,768)
<i>Deferred taxation</i>		
Deferred tax charge	52,899	34,730
Effect of rate change	(3,499)	(2,672)
Tax charge on profit/(loss) on ordinary activities	(3,496)	(2,710)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2013 £	2012 £
Profit on ordinary activities before tax	13	(147)
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 24% (2012 26%)	3	(38)
<i>Effects of</i>		
Revenue items capitalised	(52,899)	(34,730)
Current tax credit for year	(52,896)	(34,768)

The March 2013 Budget announced a 1% reduction in the tax rate, from 1 April 2013, to 23%. This was substantively enacted before March 2013. This change will reduce the Company's future current tax charge accordingly. As this rate change has been substantively enacted it has the effect of reducing the Company's net deferred tax liabilities recognised at 31 March 2012 by £3,499. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction (the rate now being reduced to 20% over the next two years) due to legislation not being enacted, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities accordingly.

SSE Renewables (Gallopier) No.2 Limited

Notes (continued)

10 Called up share capital

	2013 £	2012 £
<i>Allotted, called up and unpaid</i>		
8 ordinary shares of £1 each	8	8

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

	Profit and loss account		Shareholders' funds	
	2013 £	2012 £	2013 £	2012 £
Balance at beginning of year	2,563	-	2,571	8
Profit for the financial year	3,509	2,563	3,509	2,563
Balance at end of year	6,072	2,563	6,080	2,571

12 Capital Commitments

As at 31 March 2013, the company had capital commitments of £1,168,785 (2012 £nil)

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 2013 £	Transactions for the year ended 31 March 2012 £
Investment in associate – Gallopier Wind Farm Limited	605,150	220,693
Recharge of costs from Gallopier Wind Farm (capitalised):	Transactions for the year ended 31 March 2013 £	Transactions for the year ended 31 March 2012 £
Gallopier Wind Farm Limited	1,129,720	596,407

SSE Renewables (Galloper) No.2 Limited

Notes (*continued*)

13 – Related party transactions cont'd

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.

14 Provisions for liabilities and charges

	2013 £	2012 £
<i>Deferred taxation</i>		
At beginning of year	32,058	-
Change in year (note 9)	49,400	32,058
	<hr/>	<hr/>
	81,458	32,058
	<hr/>	<hr/>

15 Approval of financial statements

The directors approved these financial statements on 13 November 2013.