

Beatrice Offshore Windfarm Limited
Directors' report and
financial statements

Year ended 31 March 2013

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
J.C. Santaclara

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

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 2013.

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 920MW offshore windfarm in Scotland.

The company's immediate parent company is SSE Beatrice Offshore Windfarm Holdings (UK) Limited, owning 75% of the issued ordinary shares of the company. Repsol Beatrice Limited (formerly known as SeaEnergy Renewables Beatrice Limited) is a minority shareholder owning the remaining 25% of the ordinary share capital of the company.

The principle risk facing the company is the economic viability of Beatrice Offshore Windfarm. 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 spend and increase value and efficiencies. In addition to this, the directors are actively addressing the uncertainties over the revenue stream and incentive mechanisms to reduce the associated risk.

Results for the year and state of affairs as at 31 March 2013

The balance sheet at 31 March 2013 is set out on page 10 and indicates net assets of £162 (2012: £4,134). The directors do not recommend the payment of a dividend.

Directors and secretary

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.

Director	Resignation date
A.R. Donaldson	27 July 2012

The following directors had been appointed:

Director	Appointment date
R. Esott	27 July 2012
F. McCutcheon	27 July 2012

Directors' and secretary's interests

No directors or secretary held any interests in the company at 31 March 2013.

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 (2012: £nil).

Beatrice Offshore Windfarm Limited

Registered number: SC350248

Directors' report *(continued)*

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

In accordance with Section 487 of the Companies Act, 2006, the auditor KPMG, Chartered Accountants, will continue in office.

On behalf of the Board



Ronald Bonnar
Director



Finlay McCutcheon
Director

16 September 2013

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



Ronald Bonnar
Director



Finlay McCutcheon
Director



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

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 2013 set out on pages 9 to 17, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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 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

C. Mullen (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

16 September 2013

Beatrice Offshore Windfarm Limited

Statement of accounting policies

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 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 Irish 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 2013

	<i>Note</i>	2013 £	2012 £
Other income	3	-	110
Profit on ordinary activities before interest		-	110
Interest receivable and similar income	4	-	221
Interest payable and similar charges	5	(117)	(263)
(Loss)/profit on ordinary activities before taxation		(117)	68
Tax on (loss)/profit on ordinary activities	6	(3,855)	3,882
(Loss)/profit for the financial year	14	(3,972)	3,950

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.

On behalf of the Board



Ronald Bonnar
Director



Finlay McCutcheon
Director

Beatrice Offshore Windfarm Limited

Balance sheet

As at 31 March 2013

	<i>Note</i>	2013 £	2012 £
Fixed assets			
Tangible assets	7	10,239,169	6,627,833
Current assets			
Debtors	8	101,317	291,558
Cash at bank and in hand		803,208	300,405
		904,525	591,963
Creditors: amounts falling due within one year	10	(1,782,985)	(935,322)
Net current liabilities		(878,460)	(343,359)
Total assets less current liabilities		9,360,709	6,284,474
Creditors: amounts falling after one year	11	(9,360,547)	(6,233,762)
Provisions for liabilities and charges	12	-	(46,578)
Net assets		162	4,134
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	62	4,034
Shareholders' funds		162	4,134

On behalf of the Board



Ronald Bonnar
Director



Finlay McCutcheon
Director

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 75% of the issued ordinary shares of the company. Repsol Beatrice Limited (formerly known as SeaEnergy Renewables Beatrice Limited) is a minority shareholder owning the remaining 25% of the ordinary share capital of the company.

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 (2012:£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 2013 (2012: £nil).

The company had no employees in the current or prior year.

3 Other income

	2013 £	2012 £
Realised gain on foreign exchange	-	110
	<hr/>	<hr/>

4 Interest receivable

	2013 £	2012 £
Interest received from Repsol Beatrice Limited	-	221
	<hr/>	<hr/>

Beatrice Offshore Windfarm Limited

Notes (continued)

5 Interest payable and similar charges

	2013 £	2012 £
Interest on loan payable to related party - SSE PLC	-	221
Bank charges	117	42
	<hr/> 117	<hr/> 263

6 Taxation

	2013 £	2012 £
<i>Current taxation</i>		
Current tax charge	-	(39,099)
Adjustments in respect of previous periods	50,460	(11,361)
	<hr/> 50,460	<hr/> (50,460)
<i>Deferred taxation</i>		
Deferred tax credit	(28)	39,099
Effect of rate change	1	(3,882)
Adjustments in respect of previous periods	(46,578)	11,361
	<hr/> 3,855	<hr/> (3,882)
Tax charge/(credit) on profit on ordinary activities	<hr/> 3,855	<hr/> (3,882)

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 £
(Loss)/profit on ordinary activities before tax	<hr/> (117)	<hr/> 68
Tax charge on (loss)/profit on ordinary activities at standard UK corporation tax rate of 24% (2012: 26%)	(28)	18
<i>Effects of:</i>		
Adjustments in respect of prior periods	50,460	(11,361)
Expenditure disallowable for tax purposes	-	(39,117)
Losses carried forward	28	-
	<hr/> 50,460	<hr/> (50,460)
Current tax charge/(credit) for year	<hr/> 50,460	<hr/> (50,460)

Beatrice Offshore Windfarm Limited

Notes (continued)

6 Taxation (continued)

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 assets recognised at 31 March 2013 by £1. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction (the rate now being reduced to 21% by 2014), although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax assets accordingly.

7 Tangible fixed assets

	Assets under development 2013 £
<i>Cost</i>	
Balance at beginning of year	6,627,833
Additions during the year	3,611,336
	<hr/>
Balance at end of year	10,239,169
<i>Accumulated depreciation</i>	
Balance at beginning of year	-
Charge for the year	-
	<hr/>
Balance at end of year	-
<i>Net book value</i>	
At 31 March 2013	10,239,169
	<hr/>
At 31 March 2012	6,627,833
	<hr/>
Tangible fixed assets include £443,796 of capitalised interest (2012: £194,077)	

Beatrice Offshore Windfarm Limited

Notes (continued)

8 Debtors

	2013 £	2012 £
VAT Receivable	94,001	125,712
Amounts receivable from related parties - Repsol Beatrice Limited	-	115,386
SSE Renewables Development (UK) Limited	-	50,460
Deferred tax asset (note 9)	28	-
Other debtors	7,288	-
	<u>101,317</u>	<u>291,558</u>

Amount outstanding from Repsol Beatrice Limited is charged interest at 1% above 3 month LIBOR.

9 Deferred taxation asset

Deferred tax is recognised as follows:

	2013 £	2012 £
Tax losses	<u>(28)</u>	<u>-</u>
Deferred tax asset (note 8)	<u>(28)</u>	<u>-</u>

	2013 £
<i>Deferred Tax</i>	
Asset at start of year	-
Credited to profit and loss account	28
	<u>28</u>
Asset at end of year	28

The directors have considered the future prospects of the Company and now consider it is probable that sufficient future taxable profits will be generated to recover the value of the tax losses brought forward. Therefore, the deferred tax asset has been recognised.

Beatrice Offshore Windfarm Limited

Notes (continued)

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade and other payables	2,146	-
Accruals	1,780,839	935,322
	<hr/>	<hr/>
	1,782,985	935,322
	<hr/>	<hr/>

11 Creditors: amounts falling after one year

	2013 £	2012 £
Long-term loan – Repsol	1,931,582	1,413,133
Long-term loan – SSE PLC	7,428,965	4,820,629
	<hr/>	<hr/>
	9,360,547	6,233,762
	<hr/>	<hr/>

The long-term loans are unsecured and have no fixed repayment period. 75% of both loans are interest bearing at 4% above 3 month LIBOR. The remaining 25% is interest free.

12 Provisions for liabilities and charges

	2013 £	2012 £
<i>Deferred taxation</i>		
At beginning of year	46,578	7,479
Change in year (note 6)	(46,578)	39,099
	<hr/>	<hr/>
At end of year (note 9)	-	46,578
	<hr/>	<hr/>

Beatrice Offshore Windfarm Limited

Notes (continued)

13 Called up share capital

	2013 £	2012 £
<i>Authorised</i>		
375,006,400 ordinary-A shares of £0.01 each	3,750,064	3,750,064
2,500 ordinary-B shares of £0.01 each	25	25
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>	3,750,089	3,750,089
1 ordinary share of £1	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
7,500 ordinary-A shares of £0.01 each	75	75
2,500 ordinary-B shares of £0.01 each	25	25
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>	100	100
1 ordinary share of £1	<hr/>	<hr/>

14 Reconciliation of profit and loss account and shareholders' funds

	Profit and loss account		Shareholders' funds	
	2013 £	2012 £	2013 £	2012 £
Balance at beginning of year	4,034	84	4,134	184
(Loss)/profit for the financial year	(3,972)	3,950	(3,972)	3,950
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	62	4,034	162	4,134
	<hr/>	<hr/>	<hr/>	<hr/>

15 Capital Commitments

As at 31 March 2013, the company had a total of £598,067 (2012:£1,652,453) of capital commitments.

Beatrice Offshore Windfarm Limited

Notes *(continued)*

16 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 2013 £	Transactions for the Year ended 31 March 2012 £
SSE PLC : increase in loan (Long Term)	2,608,335	2,297,458
Repsol Beatrice Limited: increase in loan (Long Term)	518,449	787,681
SSE Renewables Development (UK) Limited	-	48
	<hr/>	<hr/>

The long term loans include the following interest charges

	Capitalised £	Capitalised £
SSE PLC	197,978	119,653
Repsol Beatrice Limited	51,741	30,729
	<hr/>	<hr/>

17 Approval of financial statements

The directors approved these financial statements on 16 September 2013.