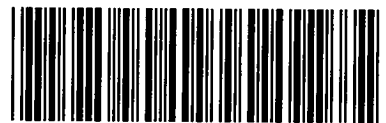


**MORECAMBE WIND LIMITED**  
**DIRECTOR'S REPORT AND ACCOUNTS**  
**for the year ended 30 December 2013**

Registered No. 05294242

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**MORECAMBE WIND LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**for the year ended 30 December 2013**

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## **MORECAMBE WIND LIMITED DIRECTORS' REPORT**

The directors present their report and audited Accounts for the year ended 30 December 2013.

This Directors' Report has been prepared in accordance with the special provisions relating to small-sized companies under section 415A of the Companies Act 2006.

### **ACTIVITIES AND REVIEW**

The principal activity of Morecambe Wind Limited, ("the company"), registered company number 05294242, is participation in the Connection and Use of System Code, the Balancing and Settlement Code and the Grid Code in respect of the West of Duddon Sands offshore wind farm.

The company began trading on 5 July 2013 and is jointly owned and managed by ScottishPower Renewables (WODS) Limited ("SP WODS") and Dong Energy West of Duddon Sands (UK) Limited ("DONG WODS"). SP WODS is a member of the Scottish Power Limited group of companies ("ScottishPower"), which is headed by Scottish Power Limited ("SPL"). The ultimate parent company of SPL is Iberdrola S.A. ("Iberdrola"), a company registered in Spain. The ultimate parent of DONG WODS is DONG Energy A/S, a company registered in Denmark.

The company holds the generation licence for the West of Duddon Sands offshore wind farm.

### **RESULTS AND DIVIDENDS**

The net result of the company for the year was £nil (2012 £nil). No dividends were paid or proposed during the year (2012 £nil).

### **DIRECTORS**

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

|                              |                              |
|------------------------------|------------------------------|
| Keith Anderson               | (resigned 30 May 2013)       |
| Jonathan Cole                | (appointed 30 May 2013)      |
| Roy Scott                    |                              |
| Christina Grumstrup Sørensen | (resigned 30 August 2013)    |
| Christian Skakkebæk          | (resigned 27 February 2013)  |
| Benjamin Sykes               | (appointed 27 February 2013) |
| Charlotte Strand             | (appointed 14 October 2013)  |

### **DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS**

The directors are responsible for preparing the Directors' Report and Accounts in accordance with applicable laws and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

The directors are responsible for preparing Accounts for each financial period which give a true and fair view, in accordance with IFRSs, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those Accounts, 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 the Accounts comply with IFRSs, subject to any material departures disclosed and explained in the Accounts and;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors in office as at the date of this Director's Report and Accounts confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**MORECAMBE WIND LIMITED**  
**DIRECTORS' REPORT *continued***

**AUDITOR**

Ernst & Young LLP was re-appointed auditor of the company for the year ended 30 December 2013.

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke at the end.

**Jonathan Cole**  
Director

**24 September 2014**

## **INDEPENDENT AUDITOR'S REPORT**

to the member of Morecambe Wind Limited

We have audited the Accounts of Morecambe Wind Limited for the year ended 30 December 2013 which comprise the Balance Sheet, Income Statement, Cash Flow Statement, and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the company's member, 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 member 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 member 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 1, the directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Accounts in accordance with the 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 ACCOUNTS**

An audit involves obtaining evidence about the amounts and disclosures in the Accounts sufficient to give reasonable assurance that the Accounts 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 Accounts. In addition, we read all the financial and non-financial information in the Directors' Report and Accounts to identify material inconsistencies with the audited Accounts, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **OPINION ON ACCOUNTS**

In our opinion the Accounts:

- give a true and fair view of the state of the company's affairs as at 30 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; 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 Director's Report for the financial year for which the Accounts are prepared is consistent with the Accounts.

### **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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Accounts are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Nisbet (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow

25 September 2014

**MORECAMBE WIND LIMITED****BALANCE SHEETS**

as at 30 December 2013 and 30 December 2012

|                                     | Notes | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------|-------|--------------|--------------|
| <b>ASSETS</b>                       |       |              |              |
| <b>NON CURRENT ASSETS</b>           |       |              |              |
| Trade and other receivables         | 4     | 50           | -            |
| <b>NON CURRENT ASSETS</b>           |       | <b>50</b>    | <b>-</b>     |
| <b>CURRENT ASSETS</b>               |       |              |              |
| Trade and other receivables         | 4     | 735          | -            |
| <b>CURRENT ASSETS</b>               |       | <b>735</b>   | <b>-</b>     |
| <b>TOTAL ASSETS</b>                 |       | <b>785</b>   | <b>-</b>     |
| <b>EQUITY AND LIABILITIES</b>       |       |              |              |
| <b>EQUITY</b>                       |       |              |              |
| Of shareholders of the parent       |       | -            | -            |
| Share capital                       | 5     | -            | -            |
| Retained earnings                   | 6     | -            | -            |
| <b>TOTAL EQUITY</b>                 |       | <b>-</b>     | <b>-</b>     |
| <b>CURRENT LIABILITIES</b>          |       |              |              |
| Trade and other payables            | 7     | 785          | -            |
| <b>CURRENT LIABILITIES</b>          |       | <b>785</b>   | <b>-</b>     |
| <b>TOTAL LIABILITIES</b>            |       | <b>785</b>   | <b>-</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>785</b>   | <b>-</b>     |

Approved by the Board on 24 September 2014 and signed on its behalf by:


Jonathan Cole  
Director

The accompanying notes 1 to 10 are an integral part of the balance sheets as at 30 December 2013 and 30 December 2012.

**MORECAMBE WIND LIMITED****INCOME STATEMENTS****for the years ended 30 December 2013 and 30 December 2012**

|                                | <b>2013</b> | <b>2012</b> |
|--------------------------------|-------------|-------------|
|                                | <b>£000</b> | <b>£000</b> |
| Revenue                        | 612         | -           |
| Procurements                   | (612)       | -           |
| <b>RESULT BEFORE TAX</b>       | -           | -           |
| Income tax                     | -           | -           |
| <b>NET RESULT FOR THE YEAR</b> | -           | -           |

Net result for both years is wholly attributable to the equity holders of Morecambe Wind Limited.

All results relate to continuing operations.

There have been no changes to equity for the years ended 30 December 2013 and 30 December 2012. For an analysis of the balances presented within equity refer to Note 6.

The accompanying notes 1 to 10 are an integral part of the income statements for the years ended 30 December 2013 and 30 December 2012.

**MORECAMBE WIND LIMITED****CASH FLOW STATEMENTS****for the years ended 30 December 2013 and 30 December 2012**

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| Cash flows from operating activities                  |             |             |
| Result before tax                                     | -           | -           |
| Changes in working capital                            |             |             |
| Change in trade and other receivables                 | (785)       | -           |
| Change in trade and other payables                    | 785         | -           |
| <b>Net cash flows from operating activities</b>       | <b>-</b>    | <b>-</b>    |
| <b>Net movement in cash and cash equivalents</b>      | <b>-</b>    | <b>-</b>    |
| <b>Cash and cash equivalents at beginning of year</b> | <b>-</b>    | <b>-</b>    |
| <b>Cash and cash equivalents at end of year</b>       | <b>-</b>    | <b>-</b>    |

The accompanying notes 1 to 10 are an integral part of the cash flow statements for the years ended 30 December 2013 and 30 December 2012.



**MORECAMBE WIND LIMITED**  
**NOTES TO THE ACCOUNTS**  
**30 December 2013**

**1 BASIS OF PREPARATION**

**A BASIS OF PREPARATION OF THE ACCOUNTS**

The company is required by law to prepare Accounts and to deliver them to the Registrar of Companies. The Accounts have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), as adopted by the EU as at the date of approval of these Accounts and which are mandatory for the financial year ended 30 December 2013. The Accounts are prepared in accordance with the Accounting Policies set out in Note 2.

**B ACCOUNTING STANDARDS**

In preparing these Accounts, the company has applied all relevant IAS, IFRS and IFRIC Interpretations which have been adopted by the EU as of the date of approval of these Accounts and which are mandatory for the financial year ended 30 December 2013.

For the year ended 30 December 2013, the company has applied the following standards and amendments for the first time:

| Standard  | Note |
|---|------|
| • Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'   | (a)  |
| • IAS 19 (Revised) 'Employee Benefits'  | (a)  |
| • Amendments to IAS 12 'Income Taxes: Deferred Tax - Recovery of Underlying Assets'                                 | (a)  |
| • IFRS 13 'Fair Value Measurement'  | (a)  |
| • Amendments to IFRS 7 'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities' | (a)  |
| • Annual Improvements to IFRSs (2009-2011)  | (a)  |

(a) The application of these pronouncements did not have a material impact the company's accounting policies, financial position or performance.

The following new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board ("IASB") but have an effective date after the date of these financial statements thus have not been implemented by the company:

| Standard  | Notes    | IASB effective date | Planned date of application by the company |
|---|----------|---------------------|--|
| • IFRS 10 'Consolidated Financial Statements'   | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • IFRS 11 'Joint Arrangements'  | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • IFRS 12 'Disclosure of Interests in Other Entities'   | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • IAS 27 (Revised) 'Separate Financial Statements'  | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • IAS 28 (Revised) 'Investments in Associates and Joint Ventures'   | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities'  | (b)      | 1 January 2014      | 1 January 2014                             |
| • Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance' | (b), (c) | 1 January 2013      | 1 January 2014                             |
| • Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities'   | (b)      | 1 January 2014      | 1 January 2014                             |
| • Amendments to IAS 36 'Impairment of Asset – Recoverable Amount Disclosures for Non-Financial Assets'  | (b)      | 1 January 2014      | 1 January 2014                             |
| • IFRIC 21 'Levies'   | (b)      | 1 January 2014      | 1 January 2014                             |
| • Amendments to IAS 39 'Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting'                              | (b)      | 1 January 2014      | 1 January 2014                             |
| • Amendments to IAS 19 'Employee Benefits: Defined Benefit Plans Employee Contributions'  | (b), (d) | 1 July 2014         | 1 January 2015                             |
| • Annual Improvements to IFRSs (2010-2012)  | (b), (d) | 1 July 2014         | 1 January 2015                             |
| • Annual Improvements to IFRSs (2011-2013)  | (b), (d) | 1 July 2014         | 1 January 2015                             |
| • IFRS 14 'Regulatory Deferral Accounts'  | (b), (d) | 1 January 2016      | 1 January 2016                             |
| • Amendments to IFRS 11 'Joint Arrangements: Acquisitions of Interests in Joint Operations'   | (b), (d) | 1 January 2016      | 1 January 2016                             |

**MORECAMBE WIND LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**30 December 2013**

**1 BASIS OF PREPARATION *continued***

**B ACCOUNTING STANDARDS *continued***

| <b>Standard <i>continued</i></b>   | <b>Notes</b> | <b>IASB effective date (for periods commencing on or after)</b> | <b>Planned date of application by the company</b> |
|--|--------------|---|---|
| • Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' – 'Clarification of Acceptable Methods of Depreciation and Amortisation'  | (b), (d)     | 1 January 2016  | 1 January 2016                                    |
| • IFRS 15 'Revenue from Contracts with Customers'  | (d), (e)     | 1 January 2017  | 1 January 2017                                    |
| • Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' – 'Agriculture: Bearer Plants'  | (b), (d)     | 1 January 2016  | 1 January 2016                                    |
| • Amendments to IAS 27 'Separate Financial Statements: Equity Method in Separate Financial Statements'   | (b), (d)     | 1 January 2016  | 1 January 2016                                    |
| • IFRS 9 'Financial Instruments'   | (d), (e)     | 1 January 2018  | 1 January 2018                                    |
| (b) The future application of these pronouncements is not expected to have a material impact on the company's accounting policies, financial position or performance.  |              |   |   |
| (c) The IASB effective date of these pronouncements is for periods commencing on or after 1 January 2013. However the EU permits adoption of these pronouncements for periods commencing on or after no later than 1 January 2014. |              |   |   |
| (d) These pronouncements have not yet been adopted by the EU.  |              |   |   |
| (e) The directors are currently in the process of assessing the impact of these standards in relation to the company's accounting policies, financial position and performance.  |              |   |   |
| (f) The company has chosen not to early adopt any of these standards/amendments for year ended 31 December 2013.   |              |   |   |

**2 ACCOUNTING POLICIES**

The principal accounting policies applied in preparing the company's Accounts are set out below:

**A REVENUE**

**B FINANCIAL ASSETS AND LIABILITIES**

**C TAXATION**

**A REVENUE**

Revenue comprises the recharge of costs to the joint owners arising from participation in the various Connection, Balancing, and Grid Codes in respect of the West of Duddon Sands offshore wind farm.

**B FINANCIAL ASSETS AND LIABILITIES**

(a) Financial assets categorised as trade and other receivables are recognised and carried at original invoice amount less an allowance for impairment of doubtful debts. Allowance for doubtful debts has been estimated by management, taking into account future cash flows, based on past experience and assessment of the current economic environment within which the company operates.

(b) Financial liabilities categorised as trade payables are recognised and carried at original invoice amount.

**C TAXATION**

The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

**MORECAMBE WIND LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**30 December 2013**

**3 MEASUREMENT OF FINANCIAL INSTRUMENTS**

The table below sets out the carrying amount and fair value of the company's financial instruments.

|                              | Notes | 2013                       |                       | 2012                       |                       |
|------------------------------|-------|----------------------------|-----------------------|----------------------------|-----------------------|
|                              |       | Carrying<br>amount<br>£000 | Fair<br>value<br>£000 | Carrying<br>amount<br>£000 | Fair<br>value<br>£000 |
| <b>Financial assets</b>      |       |                            |                       |                            |                       |
| Receivables                  | (a)   | 662                        | 662                   | -                          | -                     |
| <b>Financial liabilities</b> |       |                            |                       |                            |                       |
| Payables                     | (b)   | 785                        | 785                   | -                          | -                     |

The carrying amount of these financial instruments is calculated as set out in Note 2B. The carrying value of financial instruments is a reasonable approximation of fair value.

- (a) Balances outwith the scope of IFRS 7 'Financial Instruments : Disclosures' have been excluded, namely other tax receivables.  
(b) All financial liabilities are payable within one year.

**4 TRADE AND OTHER RECEIVABLES**

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| <b>Current receivables:</b>                              |              |              |
| Receivables due from Iberdrola group companies - trade   | 306          | -            |
| Receivables due from DONG Energy group companies - trade | 306          | -            |
| Other tax receivables                                    | 123          | -            |
|  | <b>735</b>   | -            |
| <b>Non-current receivables:</b>                          |              |              |
| Other receivables  | 50           | -            |
|  | <b>50</b>    | -            |

**5 SHARE CAPITAL**

|   | 2013<br>£ | 2012<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid shares:</b> |           |           |
| 6 ordinary shares of £1 each (2012 6)             | 6         | 6         |

**6 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF MORECAMBE WIND LIMITED**

|   | Ordinary<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>£ |
|---|-----------------------------------|---------------------------|------------|
| <b>At 31 December 2011</b>  | 6                                 | -                         | 6          |
| Result for the year attributable to equity holders of<br>Morecambe Wind Limited | -                                 | -                         | -          |
| <b>At 31 December 2012</b>  | 6                                 | -                         | 6          |
| Result for the year attributable to equity holders of<br>Morecambe Wind Limited | -                                 | -                         | -          |
| <b>At 30 December 2013</b>  | 6                                 | -                         | 6          |

**7 TRADE AND OTHER PAYABLES**

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Payables due to Iberdrola group companies - trade | 785          | -            |

**MORECAMBE WIND LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**30 December 2013**

**8 RELATED PARTY TRANSACTIONS**

**(a) Transactions and balances arising in the normal course of business**

|                                 | 2013      | 2013        | 2012      | 2012        |
|---------------------------------|-----------|-------------|-----------|-------------|
|                                 | Immediate | Immediate   | Immediate | Immediate   |
|                                 | parent    | parent      | parent    | parent      |
|                                 | (SP WODS) | (DONG WODS) | (SP WODS) | (DONG WODS) |
|                                 | £000      | £000        | £000      | £000        |
| <b>Types of transaction</b>     |           |             |           |             |
| Sales and rendering of services | 306       | 306         | -         | -           |
| <b>Balances outstanding</b>     |           |             |           |             |
| Trade receivables               | 306       | 306         | -         | -           |
| Trade payables                  | (785)     | -           | -         | -           |

(i) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

**(b) Remuneration of key management personnel**

None of the key management personnel or the directors received any remuneration from the company or from related companies, in respect of their services to the company. The company has no employees.

**(c) Ultimate parent company**

The directors regard Iberdrola S.A., a company registered in Spain, and DONG Energy A/S, a company registered in Denmark, as the ultimate controlling parties. They are the parent undertakings of the largest groups in which the results of the company are consolidated.

Copies of the Consolidated Accounts of Iberdrola S.A. may be obtained from Iberdrola S.A., Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. Copies of the Consolidated Accounts of DONG Energy A/S may be obtained from DONG Energy A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark.

**9 AUDITOR'S REMUNERATION**

|  | 2013 | 2012 |
|--|------|------|
|  | £000 | £000 |
| Audit of the company's annual accounts | 5    | -    |

No charge for auditor's remuneration is included in the income statement for the year. The audit fee was borne by a fellow subsidiary company.

**10 GOING CONCERN**

The company's business activities are set out in the Director's Report on pages 1 and 2.

The company has recorded neither a profit or a loss in both the current and previous financial years and the company's balance sheet shows that it has net current liabilities of £50,000 and net assets of £nil at its most recent balance sheet date.

The company is ultimately jointly owned by Iberdrola S.A. and DONG Energy A/S. The company's cash flow requirements are met by its parent companies and as a consequence, the company depends, in part, on the ability of the Iberdrola group and DONG Energy A/S to continue as a going concern.

The directors have considered the company's funding relationship with both parents to date and have considered available relevant information relating to Iberdrola's and DONG Energy's ability to continue as a going concern. In addition, the directors have no reason to believe that Iberdrola and DONG Energy will not continue to fund the company, should it become necessary, to enable it to continue in operational existence.

On the basis of these considerations, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the Accounts.