

MORECAMBE WIND LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the period ended 31 December 2014

Registered No. 05294242

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MORECAMBE WIND LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the period ended 31 December 2014

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MORECAMBE WIND LIMITED

DIRECTORS' REPORT

The directors present their report and audited Accounts for the period ended 31 December 2014. Morecambe Wind Limited has changed its reporting date from 30 December to 31 December during the period to align with its respective parent entities. The results reported for the period ended 31 December 2014 therefore represent a 366 day accounting period. The change has a minimal impact on the comparability of the 31 December 2014 results against those of the prior year.

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.

The company 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 SP WODS 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 period was £nil (2013 £nil). No dividends were paid or proposed during the period (2013 £nil).

DIRECTORS

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

Jonathan Cole	
Roy Scott	
Benjamin Sykes	
Charlotte Strand	(resigned 17 December 2014)
Gavin Rooke	(appointed 17 December 2014)

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 Directors' 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 period ended 31 December 2014.

ON BEHALF OF THE BOARD



Jonathan Cole
Director
2 March 2015



INDEPENDENT AUDITOR'S REPORT

to the member of Morecambe Wind Limited

We have audited the Accounts of Morecambe Wind Limited for the period ended 31 December 2014 which comprise the Balance Sheet, Income Statement, Cash Flow Statement, and the related notes 1 to 11. 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 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 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 31 December 2014 and of its result for the period 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.

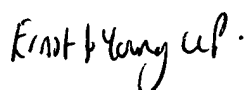
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period 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; or
- the directors were not entitled to prepare the Accounts in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Annie Graham (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
2 March 2015

MORECAMBE WIND LIMITED**BALANCE SHEETS**

as at 31 December 2014 and 30 December 2013

		31 December 2014 £000	30 December 2013 £000
	Notes		
ASSETS			
NON-CURRENT ASSETS			
Trade and other receivables	4	50	50
NON-CURRENT ASSETS		50	50
CURRENT ASSETS			
Trade and other receivables	4	5,990	735
Cash and short-term deposits	3	753	-
CURRENT ASSETS		6,743	735
TOTAL ASSETS		6,793	785
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		-	-
Share capital	5, 6	-	-
TOTAL EQUITY		-	-
CURRENT LIABILITIES			
Trade and other payables	7	6,793	785
CURRENT LIABILITIES		6,793	785
TOTAL LIABILITIES		6,793	785
TOTAL EQUITY AND LIABILITIES		6,793	785

Approved by the Board on 2 March 2015 and signed on its behalf by:


Jonathan Cole
Director

The accompanying notes 1 to 11 are an integral part of the balance sheets as at 31 December 2014 and 30 December 2013.

MORECAMBE WIND LIMITED**INCOME STATEMENTS****for the period ended 31 December 2014 and the year ended 30 December 2013**

	Period ended 31 December 2014 £000	Year ended 30 December 2013 £000
	Notes	
Revenue	5,012	612
Procurements	(5,012)	(612)
PROFIT BEFORE TAX	-	-
Income tax	-	-
NET PROFIT FOR THE YEAR	-	-

Net result for the current period and the prior year 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 period ended 31 December 2014 and the year ended 30 December 2013. For an analysis of the balances presented within equity refer to Note 6.

The accompanying notes 1 to 11 are an integral part of the income statements for the period ended 31 December 2014 and the year ended 30 December 2013.

MORECAMBE WIND LIMITED

CASH FLOW STATEMENTS

for the period ended 31 December 2014 and the year ended 30 December 2013

	Period ended 31 December 2014 £000	Year ended 30 December 2013 £000
Cash flows from operating activities		
Profit before tax	-	-
Changes in working capital:		
Change in trade and other receivables	(5,255)	(785.0)
Change in trade and other payables	6,008	785.0
Net cash flows from operating activities	753	-
Cash and cash equivalents at beginning of period/year	-	-
Cash and cash equivalents at end of period/year	753	-
Cash and cash equivalents at end of period/year comprises:		
Balance sheet cash and short-term deposits	753	-
Cash flow statement cash and cash equivalents	753	-

The accompanying notes 1 to 11 are an integral part of the cash flow statements for the period ended 31 December 2014 and the year ended 30 December 2013.

MORECAMBE WIND LIMITED
NOTES TO ACCOUNTS *continued*
31 December 2014

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 period ended 31 December 2014. 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 period ended 31 December 2014.

For the period ended 31 December 2014, the company has applied the following standards and amendments for the first time:

Standard	Note
• IFRS 10 'Consolidated Financial Statements'	(a)
• IFRS 11 'Joint Arrangements'	(a)
• IFRS 12 'Disclosure of Interest in Other Entities'	(a)
• IAS 27 (Revised) 'Separate Financial Statements'	(a)
• IAS 28 (Revised) 'Investments in Associates and Joint Ventures'	(a)
• Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities'	(a)
• Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities' - 'Transition Guidance'	(a)
• Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities'	(a)
• Amendments to IAS 36 'Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets'	(a)
• Amendments to IAS 39 'Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting'	(a)

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

MORECAMBE WIND LIMITED
NOTES TO ACCOUNTS *continued*
31 December 2014

1 BASIS OF PREPARATION *continued*

B ACCOUNTING STANDARDS *continued*

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:

	Notes	IASB effective date (for periods commencing on or after)	Planned date of application by the company
• IFRIC 21 'Levies'	(b), (c)	1 January 2014	1 January 2015
• Amendments to IAS 19 'Employee Benefits: Defined Benefit Plans: Employee Contributions'	(b)	1 July 2014	1 January 2015
• Annual Improvements to IFRSs (2010-2012)	(b)	1 July 2014	1 January 2015
• Annual Improvements to IFRSs (2011-2013)	(b)	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: Accounting for Acquisitions of Interests in Joint Operations'	(b), (d)	1 January 2016	1 January 2016
• 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
• Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' – 'Agriculture: Bearer Plants'	(b), (d)	1 January 2016	1 January 2016
• Annual Improvements to IFRSs (2012-2014)	(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
• Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - 'Investment Entities: Applying the Consolidated Exception'	(b), (d)	1 January 2016	1 January 2016
• Amendments to IAS 1 'Presentation of Financial Statements: Disclosure Initiative'	(b), (d)	1 January 2016	1 January 2016
• IFRS 15 'Revenue from Contracts with Customers'	(d), (e)	1 January 2017	1 January 2017
• IFRS 9 'Financial Instruments'	(d), (e)	1 January 2018	1 January 2018
• Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	(b), (d), (f)	To be decided	To be decided

(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) Although the effective date of this interpretation is 1 January 2014, it was not endorsed by the EU until 13 June 2014, therefore it will not be applied by the company until 1 January 2015.

(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 effective date of this amendment was for periods commencing on or after 1 January 2016. However, the EU endorsement process for this amendment has been postponed, awaiting a revised exposure draft from the IASB. The effective date will be amended in due course.

(g) The company has chosen not to early adopt any of these standards/amendments for year ended 31 December 2014.

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.

MORECAMBE WIND LIMITED
NOTES TO ACCOUNTS *continued*
31 December 2014

2 ACCOUNTING POLICIES *continued*

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 at the balance sheet date.

3 MEASUREMENT OF FINANCIAL INSTRUMENTS

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

The table below sets out the carrying amount and fair value of the company's financial instruments:					
		2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
	Notes	£000	£000	£000	£000
Financial assets					
Current receivables	(i)	5,624	5,624	612	612
Non-current receivables	(i)	50	50	50	50
Cash	(ii)	753	753	-	-
Financial liabilities					
Payables	(iii)	(6,793)	(6,793)	(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.

- (i) Balances outwith the scope of IFRS 7 'Financial Instruments : Disclosures' have been excluded, namely other tax receivables.
- (ii) As a general rule, cash deposited with banks earns interest at rates similar to market rates on daily deposits.
- (iii) All financial liabilities are payable within one year.

4 TRADE AND OTHER RECEIVABLES

	2014 £000	2013 £000
Current receivables:		
Receivables due from Iberdrola group companies - trade	2,812	306
Receivables due from DONG Energy group companies - trade	2,812	306
Other tax receivables	366	123
	5,990	735
Non-current receivables:		
Other receivables	50	50
	50	50

5 SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid shares:		
6 ordinary shares of £1 each (2013 6)	6	6

MORECAMBE WIND LIMITED
NOTES TO ACCOUNTS *continued*
31 December 2014

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

	Ordinary share capital £	Retained earnings £	Total £
At 1 January 2013	6	-	6
Result for the year attributable to equity holders of Morecambe Wind Limited	-	-	-
At 31 December 2013	6	-	6
Result for the period attributable to equity holders of Morecambe Wind Limited	-	-	-
At 31 December 2014	6	-	6

7 TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Current trade and other payables:		
Payables due to Iberdrola group companies- trade (ST)	6,793	785
	6,793	785

8 COMMITMENTS

	2014						Total £000
	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 and thereafter £000	
Other contractual commitments	3,461	3,474	-	-	-	-	6,935

There were no contractual commitments as at 30 December 2013.

9 RELATED PARTY TRANSACTIONS

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

	2014		2013	
	Immediate parent (SP WODS) £000	Immediate parent (DONG WODS) £000	Immediate parent (SP WODS) £000	Immediate parent (DONG WODS) £000
Types of transaction				
Sales and rendering of services	2,506	2,506	306	306
Balances outstanding				
Trade and other receivables	2,812	2,812	306	306
Trade and other payables	(6,793)	-	(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.

MORECAMBE WIND LIMITED
NOTES TO ACCOUNTS *continued*
31 December 2014

10 AUDITOR'S REMUNERATION

	2014	2013
	£000	£000
Audit of the company's annual Accounts	5	5
Total	5	5

No charge for auditor's remuneration is included in the income statement for the period. The audit fee was borne by a ScottishPower subsidiary company, and is recharged accordingly to a DONG subsidiary company.

11 GOING CONCERN

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

The company has recorded neither a profit or a loss in the current period or the previous financial year 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 Iberdrola S.A. and DONG Energy A/S to continue as a going concern.

In assessing the company's going concern, the directors have considered the company's funding relationship with both ultimate parents to date and have considered available relevant information relating to their respective abilities to continue as a going concern. In addition, the directors have no reason to believe that either ultimate parent 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.