

# Costa Head Wave Farm Limited

Directors' report and  
financial statements

**Year ended 31 March 2014**

*Registered number: 07706771*

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COMPANIES HOUSE

# Costa Head Wave Farm Limited

## Directors' report and financial statements

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# Costa Head Wave Farm Limited

## Directors and other information

### **Directors**

S. Burgin  
R. East  
R. Escott  
J. Jamart (Belgian)  
D. Wickham

### **Secretary**

M. J. Gettinby

### **Registered office**

55 Vastern Road  
Reading  
Berkshire  
United Kingdom  
RG1 8BU

### **Bankers**

National Westminster Bank  
13 Market Place  
Reading  
RG1 2EG  
UK

### **Auditor**

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

# Costa Head Wave Farm Limited

Registered number: 07706771

## Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2014.

### Strategic Report

The company has availed of the exemption under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from implementing the strategic report requirements as the company qualifies as a small company for Company Law purposes.

### Principal activity, business review (including principal risks and uncertainties) and future developments

The company is a joint venture undertaking of SSE Renewables Holdings (UK) Limited and Alstom UK Holdings Limited.

The company is engaged in the development, construction and operation of a 200MW wave farm in Scotland. At a meeting of the Board on the 31 October 2013 the Directors, having undertaken a strategic review of their investment, concluded that the development should be put on hold whilst the Board consider a number of strategic options available.

The principal risk currently facing the company is whether the necessary technology and economic returns are present to construct the project. The directors are currently considering a number of strategic options for the project. As such, there is uncertainty over whether the entity will continue to operate in the future.

### Results for the period

The results for the year ended 31 March 2014 are set out on page 9 and indicates a loss of £642,000 (2013: loss of (£1,720,000)). The balance sheet at 31 March 2014 is set out on page 10 and indicates net liabilities of (£2,361,000) (2013: net liabilities of (£1,719,000)). No dividends or transfers to reserves are proposed by the directors (2013: £Nil).

### Directors and secretary

The following were appointed during the year:

| Director  | Appointment date |
|-----------|------------------|
| R. Escott | 13 February 2014 |
| J. Jamart | 13 February 2014 |

The following have resigned from office during the year:

| Director    | Resignation date |
|-------------|------------------|
| J. Pelcott  | 13 February 2014 |
| J. Thouless | 13 February 2014 |
| P. Langford | 13 February 2014 |

The directors and secretary who were in office at the date of approval of the financial statements 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.

# Costa Head Wave Farm Limited

Registered number: 07706771

## Directors' report *(continued)*

### Going concern

The company is dependent on ongoing financial support from the equity investors. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. The equity investors have given undertakings not to demand repayment of monies advanced to the company for a period of twelve months from the date of approval of these financial statements.

At a meeting of the Board on the 31 October 2013 the Directors, having undertaken a strategic review of their investment, concluded that the development should be put on hold whilst the Board consider a number of strategic options available. As such, there is uncertainty over whether the entity will continue to operate in the future. Until a decision is reached, the Directors consider it to be appropriate to prepare the financial statements on a going concern basis, given the undertakings provided by the equity investors not to demand repayment of the loans and to continue to allow the Company to meet its liabilities.

As a consequence of the decision to put the development on hold the Directors have decided to continue to impair all development expenditure.

### Post balance sheet events

There have been no significant post balance sheet events.

### Political and charitable donations

The company did not make any political or charitable donations during the year (2013: £nil).

### 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

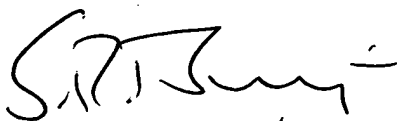
In accordance with Section 487 of the Companies Act, 2006, the auditor KPMG, Chartered Accountants, will continue in office.

On behalf of the Board



R. East  
Director

2.12.14



S. Burgin  
Director

12/11/14

12 November 2014

# Costa Head Wave Farm 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 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:

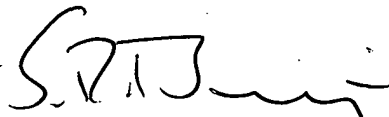
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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



R. East  
Director 2.12.14



S. Burgin  
Director 12/11/14



**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

## Independent auditor's report to the members of Costa Head Wave Farm Limited

We have audited the financial statements of Costa Head Wave Farm Limited for the year ended 31 March 2014 set out on pages 7 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 Financial Reporting Council'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 and to identify any information that is apparently 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 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 2014 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.



**Independent auditor's report to the members of Costa Head Wave Farm Limited**  
*(continued)*

**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.

**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
- the Directors were not entitled to take advantage of the small companies exemption from the requirements to prepare a strategic report.

**C. Mullen (Senior Statutory Auditor)**

**For and on behalf of KPMG, Statutory Auditor**

*1 Stokes Place*

*St. Stephen's Green*

*Dublin 2*

*Ireland*

12 November 2014



# Costa Head Wave Farm Limited

## Statement of accounting policies

*for the year ended 31 March 2014*

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 (£) and rounded to the nearest thousand except when otherwise stated.

The company is dependent on ongoing financial support from the equity investors. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. The equity investors have given undertakings not to demand repayment of monies advanced to the company for a period of twelve months from the date of approval of these financial statements.

At a meeting of the Board on the 31 October 2013 the Directors, having undertaken a strategic review of their investment, concluded that the development should be put on hold whilst the Board consider a number of strategic options available. As such, there is uncertainty over whether the entity will continue to operate in the future. Until a decision is reached, the Directors consider it to be appropriate to prepare the financial statements on a going concern basis, given the undertakings provided by the equity investors not to demand repayment of the loans and to continue to allow the Company to meet its liabilities.

As a consequence of the decision to put the development on hold the Directors have decided to continue to impair all development expenditure.

### **Post balance sheet events**

There have been no significant post balance sheet events.

### **Cash flow statement**

The company is exempt from the requirements of FRS 1 '*Cashflow Statements*' (Revised) to include a cash flow statement as it meets the criteria of a small sized company and as such is exempt from preparing a cash flow statement on this basis.

### **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 or, where appropriate, the rates of exchange in related forward exchange contracts. Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the profit and loss account.

# Costa Head Wave Farm Limited

## Statement of accounting policies *(continued)*

### **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.


# Costa Head Wave Farm Limited

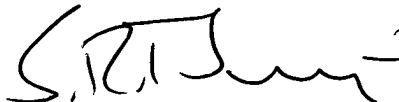
## Profit and loss account for the year ended 31 March 2014

|  | <i>Note</i> | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--|-------------|-----------------------------|-----------------------------|
| Net operating expenses                             | 3           | (558)                       | (1,725)                     |
| <b>Operating loss</b>                              |             | <b>(558)</b>                | <b>(1,725)</b>              |
| Interest receivable and similar income             | 5           | 5                           | 6                           |
| Interest payable                                   | 6           | (89)                        | -                           |
| <b>Loss on ordinary activities before taxation</b> |             | <b>(642)</b>                | <b>(1,719)</b>              |
| Tax charge on loss on ordinary activities          | 7           | -                           | (1)                         |
| <b>Loss for the financial year</b>                 |             | <b>(642)</b>                | <b>(1,720)</b>              |

The company had no recognised gains or losses in the current year or prior financial period other than those dealt with in the profit and loss account.

On behalf of the Board

  
R. East  
Director 2.12.14

  
S. Burgin 12/11/14  
Director


# Costa Head Wave Farm Limited

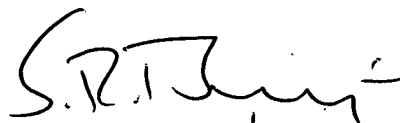
## Balance Sheet

as at 31 March 2014

|   | <i>Note</i> | <b>2014</b>  | <b>2013</b>  |
|---|-------------|--------------|--------------|
|   |             | <b>£'000</b> | <b>£'000</b> |
| <b>Current assets</b>                                 |             |              |              |
| Debtors   | 8           | 11           | 65           |
| Cash at bank and in hand                              |             | 333          | 970          |
|   |             | <hr/>        | <hr/>        |
|   |             | 344          | 1,035        |
| <b>Creditors: amounts falling due within one year</b> | 9           | (2,705)      | (2,754)      |
|   |             | <hr/>        | <hr/>        |
| <b>Net current liabilities</b>                        |             | (2,361)      | (1,719)      |
|   |             | <hr/>        | <hr/>        |
| <b>Net liabilities</b>                                |             | (2,361)      | (1,719)      |
|   |             | <hr/>        | <hr/>        |
| <b>Capital and reserves</b>                           |             |              |              |
| Called up share capital                               | 10          | -            | -            |
| Profit and loss account                               | 11          | (2,361)      | (1,719)      |
|   |             | <hr/>        | <hr/>        |
| <b>Shareholders' (deficit)/funds</b>                  |             | (2,361)      | (1,719)      |
|   |             | <hr/>        | <hr/>        |

On behalf of the Board

  
 R. East  
 Director 2.12.14

  
 S. Burgin 12/11/14  
 Director

# Costa Head Wave Farm Limited

## Notes *forming part of the financial statements*

### 1 Ownership

The company is engaged in the development, construction and operation of a 200MW wave farm in Scotland. The company is currently involved in the development stage of the wave farm.

The company is a joint venture undertaking of SSE Renewables Holdings (UK) Limited, registered in Northern Ireland, and Alstom UK Holdings Limited, registered in England.

The ultimate parent company of SSE Renewables Holdings (UK) Limited is SSE plc and of Alstom UK Holdings Limited is ALSTOM.

### 2 Statutory and other information

Auditor's remuneration has been borne by SSE Renewables Holdings (UK) Ltd. in the year.

|                             | 2014<br>£'000 | 2013<br>£'000 |
|-----------------------------|---------------|---------------|
| <i>Auditor remuneration</i> |               |               |
| - audit services            | 2             | 2             |
| - tax advisory services     | 1             | 1             |
|                             | <hr/>         | <hr/>         |

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2014.

The company had no employees in the year.

### 3 Net operating expense

|                                     | 2014<br>£'000 | 2013<br>£'000 |
|-------------------------------------|---------------|---------------|
| This is stated after charging:      |               |               |
| Impairment of tangible fixed assets | (558)         | (1,725)       |
|                                     | <hr/>         | <hr/>         |

# Costa Head Wave Farm Limited

## Notes

(continued)

### 4 Tangible fixed assets

|                                       | Assets<br>under<br>development<br>£'000 |
|---------------------------------------|---|
| <i>Cost</i>                           |   |
| Balance at beginning of year          | 1,725                                   |
| Additions                             | 558                                     |
|                                       | <hr/>                                   |
| <b>Balance at end of year</b>         | <b>2,283</b>                            |
|                                       | <hr/>                                   |
| <i>Accumulated impairment charges</i> |   |
| Balance at beginning of year          | (1,725)                                 |
| Charge for year                       | (558)                                   |
|                                       | <hr/>                                   |
| <b>Balance at end of year</b>         | <b>(2,283)</b>                          |
|                                       | <hr/>                                   |
| <b>Net book value 31 March 2014</b>   | <b>-</b>                                |
|                                       | <hr/>                                   |
|                                       | <hr/>                                   |
| <b>Net book value 31 March 2013</b>   | <b>-</b>                                |
|                                       | <hr/>                                   |

During the year, given the uncertainties surrounding the future of the development, the Directors decided to continue to impair tangible fixed assets to nil (see note 3).

Included in the cost of fixed assets are capitalised interest costs of £80,893, impaired in full in prior year. Interest costs in the current year have been charged directly to the profit and loss account (note 6).

### 5 Interest receivable and similar income

|                         | 2014<br>£'000 | 2013<br>£'000 |
|-------------------------|---------------|---------------|
| On cash at bank         | 3             | 6             |
| Other interest received | 2             | -             |
|                         | <hr/>         | <hr/>         |
|                         | <b>5</b>      | <b>6</b>      |
|                         | <hr/>         | <hr/>         |

# Costa Head Wave Farm Limited

## Notes

(continued)

### 6 Interest payable

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Interest payable – SSE Renewables Holdings (UK) Ltd | (44)          | -             |
| Interest payable – Alstom UK Holdings Ltd           | (45)          | -             |
|   | <hr/>         | <hr/>         |
|   | (89)          | -             |
|   | <hr/>         | <hr/>         |

In the prior year, interest charged on the loans from the joint venture partners was capitalised and subsequently written off to the profit and loss account as part of the impairment charge recognised. The interest charge for 2013 was £72,000, and was payable in equal amounts of £36,000 each to SSE Renewables Holding (UK) Limited and Alstom UK Holdings Limited. In the current year, all interest was charged directly to the profit and loss account.

### 7 Taxation

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| <i>Current tax charge</i>                        |               |               |
| Current tax charge                               | -             | 1             |
|  | <hr/>         | <hr/>         |
| <b>Tax charge on loss on ordinary activities</b> | -             | 1             |
|  | <hr/>         | <hr/>         |

# Costa Head Wave Farm Limited

## Notes (continued)

### 7 Taxation continued

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Loss on ordinary activities before tax  | (642)         | (1,719)       |
|   | <hr/>         | <hr/>         |
|   | 2014<br>£'000 | 2013<br>£'000 |
| Tax credit on loss on ordinary activities at<br>standard UK corporation tax rate of 23% (2013: 24%) | (148)         | (413)         |
| <i>Effects of:</i>  |               |               |
| Expenditure disallowable for tax purposes   | 129           | 414           |
| Carried forward losses  | 19            | -             |
|   | <hr/>         | <hr/>         |
| <b>Current tax charge for year</b>  | <b>-</b>      | <b>1</b>      |
|   | <hr/>         | <hr/>         |

The Finance Act 2013 announced a reduction in the Corporation tax rate from 1 April 2014 to 21% and a further 1% rate reduction, with the rate being reduced to 20% from 1 April 2015. This change will reduce the Company's future current tax charge.

There is an unrecognised Deferred tax asset of £33,033 (2013: £18,605) relating to pre-trading expenditure. No Deferred tax has been provided due to the uncertainty of future deductibility.

### 8 Debtors

|                 | 2014<br>£'000 | 2013<br>£'000 |
|-----------------|---------------|---------------|
| VAT recoverable | 11            | 65            |
|                 | <hr/>         | <hr/>         |
|                 | 11            | 65            |
|                 | <hr/>         | <hr/>         |

All amounts are due within one year.



# Costa Head Wave Farm Limited

## Notes

(continued)

### 9 Creditors: amounts falling due within one year

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Accruals  | 34            | 208           |
| Trade creditors                                 | 120           | 85            |
| Corporation tax payable                         | 1             | 1             |
| Loans from Joint Venture partners:              |               |               |
| Amounts due to SSE Renewables Holdings (UK) Ltd | 1,275         | 1,230         |
| Amounts due to Alstom UK Holdings Ltd           | 1,275         | 1,230         |
|   | <hr/>         | <hr/>         |
|   | 2,705         | 2,754         |
|   | <hr/>         | <hr/>         |

Amounts owed to joint venture partners on the basis that 50% of the loan is interest free and interest is applied on the remaining 50% at LIBOR plus 7%. The loans are repayable on demand.

### 10 Called up share capital

|   | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| <i>Allotted and called up and unpaid:</i> |           |           |
| 50 Ordinary A shares of £1 each           | 50        | 50        |
| 50 Ordinary B shares of £1 each           | 50        | 50        |
|   | <hr/>     | <hr/>     |
|   | 100       | 100       |
|   | <hr/>     | <hr/>     |

Each ordinary share has one voting right.

# Costa Head Wave Farm Limited

## Notes

(continued)

### 11 Reconciliation of movement in profit and loss and shareholders' deficits

|                                 | Profit & loss<br>account | Shareholders'<br>Deficit | Profit & loss<br>account | Shareholders'<br>Deficit |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                 | 2014<br>£'000            | 2014<br>£'000            | 2013<br>£'000            | 2013<br>£'000            |
| Balance at beginning<br>of year | (1,719)                  | (1,719)                  | 1                        | 1                        |
| Loss for the financial<br>year  | (642)                    | (642)                    | (1,720)                  | (1,720)                  |
|                                 | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |
| Balance at end of<br>period     | (2,361)                  | (2,361)                  | (1,719)                  | (1,719)                  |
|                                 | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |

### 12 Capital commitments

The company has no capital commitments as at 31 March 2014 (2013: £nil).

### 13 Related Party Transactions

Details of transactions and balances with related parties are disclosed throughout these financial statements.

### 14 Post balance sheet event

There have been no significant post balance sheet events.

### 15 Approval of financial statements

The directors approved these financial statements on 12 November 2014.