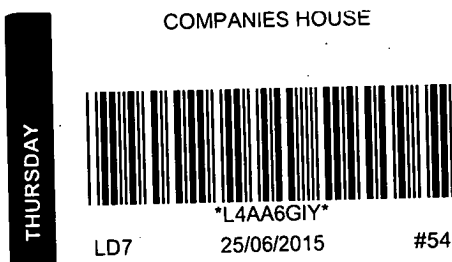


**Directors' Annual Report and  
Financial Statements**

*Hywind (Scotland) Limited*

**For the 15 months and 4 day period ended 31  
December 2014**



# Hywind (Scotland) Limited

---

Registered No. 08709450

## **DIRECTORS**

P J L Evans	(Appointed 27 September 2013; resigned 30 June 2014)
E M Machacek	(Appointed 27 September 2013)
H Brustad	(Appointed 27 September 2013)
T I Ulla	(Appointed 27 September 2013)

## **SECRETARY**

A J Saul	(Appointed 27 September 2013)
----------	-------------------------------

## **AUDITOR**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## **BANKERS**

JP Morgan Chase Bank  
125 London Wall  
London  
EC2Y 5AJ

## **REGISTERED OFFICE**

1 Kingdom Street  
London  
W2 6BD

## DIRECTORS' REPORT

The directors present their annual report with the financial statements of Hywind (Scotland) Limited ("the Company") for the 15 months and 4 day period ended 31 December 2014.

### STRATEGIC REPORT

The Company has taken advantage of the exemption contained in section 414B of the Companies Act 2006 not to prepare a Strategic Report as it is eligible to prepare its financial statements in accordance with the small companies regime.

### SMALL COMPANY PROVISIONS

The Company qualifies as small in terms of sections 382 and 383 of the Companies Act 2006. This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to the small companies regime.

### INCORPORATION

The Company was incorporated on 27 September 2013 in the United Kingdom. These financial statements are prepared for the 15 months and 4 day period from incorporation to 31 December 2014.

### RESULTS AND DIVIDENDS

The loss for the 15 months and 4 day period ended 31 December 2014 after taxation was £13,282,370. No dividends were declared or paid in the period ended 31 December 2014.

### PRINCIPAL ACTIVITIES AND FURTHER DEVELOPMENTS

The principal activity of the Company in the period under review was that of a wind energy developer.

The Company plans to build the first floating wind farm off the Scottish coast. The wind farm will be located near Buchan Deep, approximately 25-30 km off the coast of Peterhead in Aberdeenshire. The 30 MW pilot project will consist of five, 6 MW floating turbines.

Construction is expected to commence in 2016 with initial generation expected in 2017.

### GOING CONCERN

Despite the fact that the Company has made a loss before tax of £13,280,541 for the period and has net current liabilities of £2,532,370 as at 31 December 2014, Statoil ASA will continue to financially support the company and assist in meeting its liabilities as and when they fall due. Therefore, the directors of the Company consider that the Company has adequate financial resources to continue operating for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company.

### CHARITABLE DONATIONS AND POLITICAL CONTRIBUTIONS

UK charitable donations in the 15 months and 4 day period ended 31 December 2014 amounted to £nil. No contributions were made to a political party during the period.

### EMPLOYEES

The company has no employees.

DIRECTORS' REPORT (CONTINUED)

**DIRECTORS AND THEIR INTERESTS**

The Directors who served the company during the period are listed on page 1. None of the Directors had any beneficial interest in the shares of the Company.

The Directors held the following interests in the ultimate parent company, Statoil ASA as at 31 December 2014:

Class		2014
E M Machacek	Statoil ASA-Ordinary	550
T I Ulla	Statoil ASA-Ordinary	1,240
H Brustad	Statoil ASA-Ordinary	7,980

The Company indemnifies the directors in its Articles of Association against any liabilities or losses or expenses incurred by them in the performance of their duties, to the extent allowed under section 232 of the Companies Act 2006.

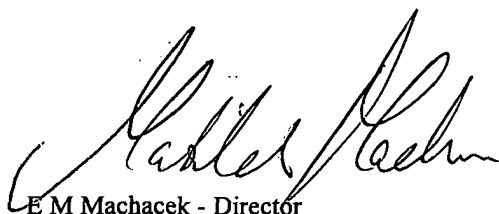
**DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor is 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 auditor is aware of that information.

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board of Directors



E M Machacek - Director

Date

25/6-2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

## **Independent auditor's report to the shareholders of Hywind (Scotland) Limited**

We have audited the financial statements of Hywind (Scotland) Limited for the 15 month and 4 day period ended 31 December 2014 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 December 2014 and of its loss for the period 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 period 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 for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Juliette Lowes (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
25 June 2015

# Hywind (Scotland) Limited

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME for the 15 month and 4 day period ended 31 December 2014

		15 month and 4 day period to 31 December 2014 £
	<i>Notes</i>	
<b>TURNOVER</b>		-
Development expenditure		(13,373,758)
<b>GROSS LOSS</b>		(13,373,758)
Administrative expenses		(7,178)
<b>OPERATING LOSS</b>	3	(13,380,936)
Net foreign exchange gains		96,631
Interest receivable and similar income	5	8,389
Interest payable and similar charges	6	(4,625)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(13,280,541)
Tax on loss on ordinary activities	7	(1,829)
<b>LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		(13,282,370)

All operations are derived from continuing operations.

There are no other recognised gains or losses for the period.

The profit and loss account is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 15.



# Hywind (Scotland) Limited

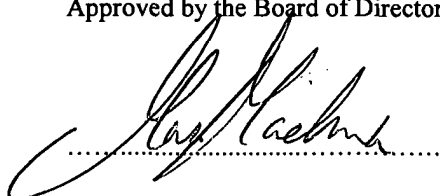
## BALANCE SHEET at 31 December 2014

Registered number 08709450

	Notes	31 December 2014 £
<b>CURRENT ASSETS</b>		
Debtors	8	1,197,087
		<hr/>
		1,197,087
<b>CREDITORS: amounts falling due within one year</b>	9	(3,729,457)
		<hr/>
<b>NET CURRENT LIABILITIES</b>		(2,532,370)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,532,370)
		<hr/>
<b>NET LIABILITIES</b>		(2,532,370)
		<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	10	10,750,000
Profit and loss account		(13,282,370)
		<hr/>
<b>SHAREHOLDER'S FUNDS DEFICIT</b>		(2,532,370)
		<hr/> <hr/>

The balance sheet is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 15.

Approved by the Board of Directors on 25 June 2015 and signed on their behalf by:



E M Machacek - Director

## Hywind (Scotland) Limited

---

### STATEMENT OF CHANGES IN EQUITY for the 15 month and 4 day period ended 31 December 2014

	Share capital	Profit & loss Account	Total Shareholder's Deficit
	£	£	£
Issue of share capital	10,750,000	-	10,750,000
Loss for the period	-	(13,282,370)	(13,282,370)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2014</b>	<b>10,750,000</b>	<b>(13,282,370)</b>	<b>(2,532,370)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2014

### 1. ACCOUNTING POLICIES

Hywind (Scotland) Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 27 September 2013 and its first accounting period has been for the 15 months and 4 day period ended 31 December 2014 and accordingly there is no comparative financial information presented in these financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company’s ultimate parent undertaking, Statoil ASA, includes the Company in its consolidated financial statements. The consolidated financial statements of Statoil ASA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from [www.statoil.com](http://www.statoil.com). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period:
- Cash flow Statement and related notes: and
- Key Management Personnel compensation.

As the consolidated financial statements of Statoil ASA include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, have been applied consistently throughout the period presented in these financial statements.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,532,370, which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by other companies in the Statoil ASA Group. The Company’s ultimate parent, Statoil ASA, has indicated that for at least 12 months following the date of approval of these financial statements, it will continue to ensure that such funds are made available as needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2014

**1. ACCOUNTING POLICIES (CONTINUED)**

***Foreign currencies***

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

***Research and development***

Research expenditure is written off as incurred.

Development costs are expensed in the profit and loss account until the point at which the Company sanctions the wind farm and commits the resources required to complete the project. Once the project is sanctioned and the directors are satisfied as to the technical, commercial and financial viability of the project, development costs will be capitalised and depreciated over the useful production life of the wind farm.

***Related party transactions***

The company has taken advantage of the exemption contained within FRS 102.33, "Related Party Disclosures", and has not disclosed transactions with group companies.

***Taxation***

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related differences, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Hywind (Scotland) Limited

---

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2014

### 2. STAFF COSTS

There were no staff costs for the period ended 31 December 2014.

The Company has no employees. The directors did not receive, nor were due, any remuneration in respect of their services to the Company in the period.

### 3. OPERATING LOSS

The operating loss is stated after charging:

	2014
	£
Development costs	13,373,758
	<u><u>          </u></u>

### 4. AUDITORS' REMUNERATION

	2014
	£
Audit of these financial statements	4,500
	<u><u>          </u></u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014
	£
Interest receivable from group companies	8,389
	<u><u>          </u></u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014
	£
Interest payable to group companies	4,516
Bank and similar charges	109
	<u><u>4,625</u></u>

# Hywind (Scotland) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2014

### 7. TAX

#### a) Tax on loss on ordinary activities:

	<b>2014</b>
	<b>£</b>
<i>Current tax:</i>	
Corporation tax on income for the period at 21.8% (note 5b)	<b>1,829</b>
Total current tax	<b>1,829</b>

#### b) Factors affecting current tax charge:

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.8% . The differences are reconciled below:

	<b>2014</b>
	<b>£</b>
Loss on ordinary activities before taxation	<b>(13,280,541)</b>
Loss on ordinary activities multiplied by standard rate of Corporation tax in the UK of 21.8%	<b>(2,895,158)</b>
Current year losses for which no deferred tax asset was recognised	<b>2,896,987</b>
Total tax (note 5a)	<b>1,829</b>

A deferred tax asset relating to pre-trading tax losses of £13,288,931 has not been recognised as the entity has not yet started earning income from its activities but will recognise it in the future once profits become available.

#### c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly

The unrecognised deferred asset balance at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

# Hywind (Scotland) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2014

### 8. DEBTORS

	2014 £
VAT recoverable	36,825
Other debtors	2,130
Amounts owed by group undertakings	1,158,132
	<u>1,197,087</u>

### 9. CREDITORS: amounts falling due within one year

	2014 £
Accruals	3,122,168
Amounts owed to group undertakings	605,460
Corporation tax	1,829
	<u>3,729,457</u>

### 10. SHARE CAPITAL

Ordinary shares of £1 each	Ordinary shares
Share issue on incorporation	1
Issued during the period	10,749,999
	<u>10,750,000</u>
At 31 December 2014	

A subscriber share was issued on incorporation on 27 September 2013.

On 21 January 2014, 10,749,999 ordinary shares with aggregate nominal value of £10,749,999 were allotted. The consideration for these shares was settled by an intercompany transaction.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2014

**11. CAPITAL COMMITMENTS**

The Company had no specific commitments contracted for but not provided in the financial statements at 31 December 2014.

**12. ULTIMATE PARENT UNDERTAKING**

The Company is a subsidiary undertaking of Statoil Wind Limited. The ultimate controlling party is the Norwegian government.

The largest group in which the results of the Company are consolidated is that headed by Statoil ASA, incorporated in Norway. No other group financial statements include the results of the Company. The consolidated financial statements of Statoil ASA are available to the public and may be obtained from [www.statoil.com](http://www.statoil.com).