

GWYNT Y MÔR OFTO

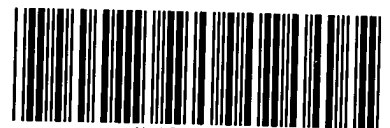
Company Registration No. 8796181

Gwynt Y Môr OFTO Intermediate Limited

Annual Report and Financial Statements

For the year ended 31st March 2015

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Gwynt Y Môr OFTO Intermediate Limited

Strategic Report

For the year ended 31 March 2015

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal Activity

Gwynt Y Môr OFTO Intermediate Limited is a financing company whose sole purpose is the lending to Gwynt Y Môr OFTO Plc by means of secured subordinated loan stock. The Company and Gwynt Y Môr OFTO Plc are wholly-owned subsidiaries of Gwynt Y Môr OFTO Holdings Limited which together form the Gwynt Y Môr OFTO Group ("Gwynt Y Môr Group").

On 11 February 2015 Gwynt Y Môr OFTO Plc was granted an Offshore Electricity Transmission Licence ("the licence") under the Electricity Act 1989 by the Gas and Electricity Markets Authority ("Ofgem"). Its principal activity is to provide an electricity transmission service to National Grid Electricity Transmission Plc ("NGET") - the electricity transmission system operator for Great Britain. It owns and operates a transmission system for a period of 20 years that electrically connects an offshore wind farm generator at Bodelwyddan in Denbighshire, North Wales to the onshore transmission system operated by NGET.

The secured loan stock was issued by the Company to the shareholders of Gwynt Y Môr OFTO Holdings Limited in equal amounts on the 17 February 2015. The proceeds received were, on identical terms and conditions invested in secured subordinated loan stock issued by Gwynt Y Môr OFTO Plc, also on the 17 February 2015.

No change in the Gwynt Y Môr Group's activities is anticipated.

The audited financial statements for the year ended March 2015 are set out on pages 8 to 14.

Principal Risks and Uncertainties

The Gwynt Y Môr Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the requirements of the licence and other contracts and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to enable the business to improve performance and fulfil its contractual obligations.

Financial Risk Management

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's Statement of Financial Position, the only financial risk that the Directors consider relevant to the Company is liquidity risk.

The liquidity risk is mitigated by the Company having arranged subordinated debt funding to cover its obligations for the financing of Gwynt Y Môr OFTO Plc.

Contractual relationships

The Company's fellow subsidiary Gwynt Y Môr OFTO Plc operates within a contractual relationship with its primary customer, NGET, acting as an agent on behalf of Ofgem. A significant impairment of these relationships could have a direct and detrimental effect on Gwynt Y Môr OFTO Plc's results and could ultimately result in termination of the concession. To manage this risk Gwynt Y Môr OFTO Plc has regular meetings with NGET including discussions on performance, project progress, future plans and customer requirements.

This report was approved by the Board on 24 July 2015 and signed on its behalf by:


P McCarthy
Company Secretary

Gwynt Y Môr OFTO Intermediate Limited

Directors' Report

For the year ended 31 March 2015

The Directors present their report together with the audited financial statements for the year ended 31 March 2015.

The following information has been disclosed in the strategic report:

- Financial Risk Management
- Indication of likely future developments in the business

Results and Dividends

The audited financial statements for the year ended 31 March 2015 are set out on pages 8 to 14. The Company's profit for the year after tax amounted to £nil (2014: £nil). The Company has no distributable reserves and therefore the Directors do not propose to pay a dividend in respect of the year ended 31 March 2015 (2014: £nil). The Directors expect the Company to continue its operations for the foreseeable future.

Operating Income

Operating income of the Gwynt Y Môr Group is derived from Gwynt Y Môr OFTO Plc's provision of operating services to its principal customer, NGET.

Operating income for the period primarily represents the operating income that would be generated by an efficient provider of operating services to NGET. Such services include those activities that result in the efficient and safe operation of those assets on behalf of a standalone transmission owner, and are reflective of the costs incurred in providing those services, including the cost of insuring those assets. Operating income has been recorded in accordance with the principal accounting policies adopted by the Company.

Going Concern

The assessment of going concern is linked to that of the Gwynt Y Môr Group, as its ability is dependent upon the financial performance of Gwynt Y Môr OFTO Plc.

The Gwynt Y Môr Group has substantial financial resources to cover its obligations to NGET, having arranged senior debt facilities and subordinated debt funding having been received from its shareholders at the start of the contract.

Accordingly, after making enquiries with the Gwynt Y Môr Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 of the statement of accounting policies in the financial statements.

Share Capital

The issued share capital of the Company at 31 March 2015 was £1 (2014: £1) consisting of 1 (2014: 1) ordinary share of £1.

Gwynt Y Môr OFTO Intermediate Limited
Directors' Report (Continued)
For the year ended 31 March 2015

Directors

The following persons were Directors of the Company throughout the year and up to the date of this report:

H B Crossley (resigned 19 March 2015)
S Jones
R Collins
S Orrell
B R Walker

No Director had any interest in the issued share capital of the Company or other Group Companies at 31 March 2015.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Company Information

Greater Gabbard OFTO Intermediate Limited is incorporated in Great Britain, registered in England and Wales and domiciled in the United Kingdom.

Company Secretary and Registered Office

The Company Secretary is P McCarthy. The registered address is 350 Euston Road, Regent's Place, London NW1 3AX.

Auditor

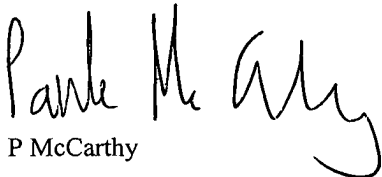
Each of the persons who is a Director at the date of approval of the report confirms that:

- i) so far as the Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board on 24 July 2015 and signed on its behalf by:



P McCarthy
Company Secretary

Gwynt Y Môr OFTO Intermediate Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 IFRS 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 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.

Independent Auditor's Report to the Members of Gwynt Y Môr OFTO Intermediate Limited

We have audited the financial statements of Gwynt Y Môr OFTO Intermediate Limited for the year ended 31 March 2015 which comprise the Income Statement, the Statement of Financial Position and the related notes numbered 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards 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 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 Statement of Directors' Responsibilities, 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

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'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 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 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 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 2015 and of its results for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Gwynt Y Môr OFTO Intermediate Limited (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Makhan Chahal (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

24 July 2015

Gwynt Y Môr OFTO Intermediate Limited
Income Statement
For the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit		-	-
Interest receivable and similar income	4	480	-
Interest payable and similar charges	4	(480)	-
Profit on ordinary activities before taxation		-	-
Taxation on profit of ordinary activities	5	-	-
Profit on ordinary activities after taxation		-	-

The accompanying notes form an integral part of these financial statements.

Continuing operations

All results are from continuing operations in the United Kingdom.

Statements of total recognised gains and losses

There were no recognised gains or losses for the current year and preceding year other than those stated in the income statement, consequently no statement of total recognised gains and losses is presented.

Gwynt Y Môr OFTO Intermediate Limited
Statement of Financial Position
As at 31 March 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	6	45,592	-
Current assets			
Receivables: due within one year	7	480	-
Cash and cash equivalents		-	-
Creditors: amounts falling due within one year	8	(480)	-
Net current assets		-	-
Total assets less current liabilities		45,592	-
Creditors: amounts falling due after one year			
Loan stock	9	(45,592)	-
Net assets		-	-
Capital and reserves			
Called up share capital	10	-	-
Retained Earnings	11	-	-
Shareholder's funds	12	-	-

These financial statements for Gwynt Y Môr OFTO Intermediate Limited, company registration number 8796181, were approved by the Board of Directors on 24 July 2015 and signed on its behalf by:



B Walker

Director

Gwynt Y Môr OFTO Intermediate Limited
Cash flow statement
As at 31 March 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Operating profit for the year		-	-
Adjustments for:			
Interest paid		-	-
Increase in debtors		(480)	-
Increase in creditors		480	-
		-	-
Net cash flow used in operating activities		-	-
<u>Net cash flow generated from investing activities</u>			
Investment in subsidiary		45,592	-
		45,592	-
<u>Cash flows from financing activities</u>			
Proceeds of subordinated loans received		(45,592)	-
		-	-
Net increase in cash and cash equivalents	15	-	-
Cash and cash equivalents at the start of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Gwynt Y Môr OFTO Intermediate Limited

Notes to the Financial Statements

For the year ended 31 March 2015

1. General information

Gwynt Y Môr OFTO Intermediate Limited is a Company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. These financial statements are presented in pounds sterling because that is the currency in which the Company operates.

2. Significant accounting policies

Basis of accounting

In the year ended 31 March 2015 the financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The Gwynt Y Môr Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and the Directors' Report on pages 3 to 4.

The Directors' have considered the ability of government authorities to continue to pay transmission revenue due to Gwynt Y Môr OFTO Plc and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the licence.

Secured debt has been obtained and procured by Gwynt Y Môr OFTO Plc through a contract to finance the purchase and operation of the licence. The Group's projections show that the project is expected to generate positive cash flows during the life of the concession.

After making enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Company's Directors have a reasonable expectation that the Company will be able to meet its obligations. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Instruments

Financial assets, liabilities, and equity instruments are classified according to the substance of the contractual arrangements entered into, and recognised on the trade date.

Trade and loan receivables, including time deposits and demand deposits, are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade or loan receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency, and default or significant failure of payment.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings, which include fixed interest-bearing debt, are recorded at their carrying value which reflects the proceeds received, net of direct issue costs.

Taxation

The Company has made a profit of £nil (2014: £nil) during the year and consequently there is no charge to corporation tax.

Gwynt Y Môr OFTO Intermediate Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2015

3. Auditor's remuneration and remuneration of Directors and employees

Fees payable to Deloitte and their associates for the audit of the Company's annual accounts were £500 (2014: £nil) and were borne by Gwynt Y Môr OFTO Plc.

The Directors received no salary, fees or other benefits in the performance of their duties in the current or preceding year. Directors' fees of £nil (2014: £nil) were paid by the Company. The Company had no employees in the current or preceding year. All costs of the Directors and other staff are borne by the shareholders who second their employees to Gwynt Y Môr OFTO Plc.

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

4. Finance income (net)

	2015 £'000	2014 £'000
Interest receivable on secured subordinated loan stock	480	-
Interest payable on secured subordinated loan stock	(480)	-
	<u>-</u>	<u>-</u>

5. Income tax charge

Taxation on items included in the income statement

The taxation charge for the year is £nil (2014: £nil).

6. Fixed asset investments

	2015 £'000	2014 £'000
Secured subordinated loan stock in fellow subsidiary undertaking	45,592	-
	<u>45,592</u>	<u>-</u>

The loan stock bears interest at a rate of 9.6% and is repayable in instalments between 2034 and 2035.

7. Receivables: due within one year

	2015 £'000	2014 £'000
Accrued interest on subordinated loan stock	480	-
	<u>480</u>	<u>-</u>

Gwynt Y Môr OFTO Intermediate Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2015

8. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Accrued interest on subordinated loan stock	<u>480</u>	<u>-</u>
	<u>480</u>	<u>-</u>

9. Creditors: amounts falling due after one year

	2015 £'000	2014 £'000
Loan stock (repayable after more than five years)	<u>45,592</u>	<u>-</u>
	<u>45,592</u>	<u>-</u>

The secured subordinated loan stock is issued by the Company to the shareholders in proportion to their equity share holdings in Gwynt Y Môr OFTO Holdings Limited. The loan stock bears interest at a rate of 10% and is repayable in instalments between 2032 and 2034.

10. Called Up Share Capital

	2015 £	2014 £
Authorised, called up and fully paid: 1 ordinary share of £1	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carries no right to fixed income.

11. Retained Earnings

	2015 £'000	2014 £'000
At 1 April 2014 / 2013	-	-
Retained profit for the year	<u>-</u>	<u>-</u>
At 31 March	<u>-</u>	<u>-</u>

Gwynt Y Môr OFTO Intermediate Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2015

12. Reconciliation of movement in shareholders' funds

	2015 £'000	2014 £'000
At 1 April	-	-
Retained profit for the year	-	-
At 31 March	-	-

13. Ultimate parent company and controlling party

The Company's immediate parent company is Gwynt Y Mor OFTO Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. which group accounts are drawn up.

Gwynt Y Mor OFTO Holdings Limited is the parent company of the largest and smallest group of which the Company is a member and for which group accounts are drawn up.

The Company's ultimate parent companies and controlling parties are Balfour Beatty plc and Equitix Capital Eurobond 2 Limited which are incorporated in Great Britain and registered in England and Wales.

14. Related party transactions

At 31 March 2015, subordinated loan stock totalled £45,592,486 (2014 £nil) split 40: 60 between Balfour Beatty OFTO Holdings Limited and Equitix Transmission 2 Limited. The accrued interest on subordinated loan stock totalled £480k (2014: £nil) divided equally between Balfour Beatty OFTO Holdings Limited and Equitix Transmission 2.