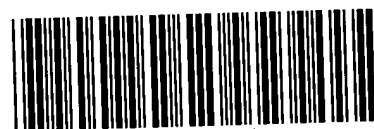


WMR JV Holdco Limited
Report and Financial Statements
For the period from 4 March 2014 to 31 March 2015

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WMR JV Holdco Limited

Company Information

Directors	M Giulianotti (Appointed 14 March 2014, Resigned 6 August 2014, Re-appointed 19 August 2014) M Langham (Appointed 20 March 2015) M Lowry (Appointed 14 March 2014, Resigned 20 March 2015) P McAdam (Appointed 6 August 2014, Resigned 19 August 2014) Y Matsuura (Appointed 1 April 2015) K Okagaki (Appointed 4 March 2014, Resigned 1 April 2015) H Tachigami (Appointed 4 March 2014)
Company secretary	Hackwood Secretaries Limited
Company number	08921440
Registered office	C/o Hackwood Secretaries Limited 1 Silk Street London EC2Y 8HQ
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

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WMR JV Holdco Limited

Strategic report

For the period from 4 March 2014 to 31 March 2015

The Directors present their report and the financial statements for the period from 4 March 2014 to 31 March 2015.

Principal activities and review of business

The principal activity of the Group is the purchase and sale of electricity and associated benefits generated from wind farms situated 8km from the Holderness coast, north of Spurn Head at the river Humber estuary.

Key performance indicators (KPIs)

The key financial indicators during the period were as follows:

	2015 £
Group	
Revenue	4,475,397
Net loss from continuing operations	(6,713,698)
Total assets	655,660,757
Net liabilities	(34,829,200)
Company	
Total assets	200
Net assets	100

Results

The Group's loss for the period, after taxation, amounted to £6,713,698. The Group has not declared dividends during the period. The Directors do not propose the payment of a final dividend.

The Company has not declared any dividends during the period. The Directors do not propose the payment of a final dividend.

Outlook

The construction of the wind farm continued after the period end, with Commercial Operations Start Date (COSD) occurring on 30 June 2015. Upon reaching COSD, the Group began invoicing for its share of the wind farm's electrical output and associated benefits (ROCs and LECs). Accordingly, from COSD the Group began generating revenue. It is the Director's expectation that this revenue will drive the Group into a profitable position in the next financial year.

Following COSD, the works under the construction and installation contracts have been substantially completed and Project Completion occurred on 30 October 2015. This milestone signalled the end of construction (excluding some minor snagging/retrofit items) and indicated that the wind farm is operating as expected.

It is the intention of the Directors that the business of the Group will continue for the foreseeable future.

Principal risks and uncertainties

Interest rate and exchange risk

The Group is exposed to interest rate and exchange risk from the possibility that changes in interest rates and foreign exchange rates will affect future cash flows. The Directors consider the management risk to be an important part of their function, and have put in place various strategies for the Group undertakings, with the aim of limiting exposure for the above risks. These strategies include the use of hedging and the use of financial instruments to fix interest rates and forecast foreign exchange requirements as they arise.

WMR JV Holdco Limited

Strategic report

For the period from 4 March 2014 to 31 March 2015

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. It arises from cash and cash equivalents, derivative financial instruments and principally from credit exposures to customers relating to outstanding receivables. Group policies are aimed at minimising credit risk. These policies have proved effective in minimising the level of impaired and past due receivables.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for WMR JV Holdco Limited's business activities may not be available. This risk is managed by the ultimate shareholders on WMR JV Holdco Limited's behalf and as such the entity has access to the resources of the shareholders.

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the Group's reputation.

By order of the Board



Yoji Matsuura, Director

Date: 2 December 2015

WMR JV Holdco Limited

Directors' report

For the period from 4 March 2014 to ended 31 March 2015

The Directors present their report and the financial statements for the period from 4 March 2014 to 31 March 2015.

Incorporation

The Company was incorporated on 4 March 2014.

Directors

The Directors who served during the period, and up to the date of this report, were as follows unless otherwise stated:

	<u>Appointed</u>	<u>Resigned</u>
M Giulianotti	14 March 2014, 19 August 2015	6 August 2015
M Langham	20 March 2015	-
M Lowry	14 March 2014	20 March 2015
P McAdam	6 August 2014	19 August 2014
Y Matsuura	1 April 2015	-
H Tachigami	4 March 2014	-
K Okagaki	4 March 2014	1 April 2015

Disclosure of information to the auditor

The Directors who were members of the board at the time of approving the Directors' report are listed above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Future developments

The Directors aim to maintain the management policies which have resulted in the Group's and the Company's stability. They believe that the Group and the Company is in a good position to take advantage of any opportunities which may arise in the future.

Post balance sheet events

There have been no events after the balance sheet date.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

WMR JV Holdco Limited

Directors' report

For the period from 4 March 2014 to ended 31 March 2015

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 1 December 2015 and signed on its behalf by:



Yoji Matsuura, Director
Date: 2 December 2015

WMR JV Holdco Limited

**Statement of Directors' responsibilities
For the period ended 31 March 2015**

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs).

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 the profit or loss of the Company for that period.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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.

The Directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, will continue to adopt the going concern basis in preparing the accounts.

WMR JV Holdco Limited

Independent auditor's report to the members of WMR JV Holdco Limited

We have audited the financial statements of WMR JV Holdco Limited for the period ended 31 March 2015, which comprise the Group Consolidated Statement of Profit or Loss Account and Other Comprehensive Income, the Group Consolidated and Company Statement of Financial Position, the Group Consolidated and Company Statement of Changes in Equity, the Group Consolidated Statement of Cash Flows and the related notes 1 to 26. 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 and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 5, 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). These 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 Group's and of the Parent 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 Report and Financial Statements 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 Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's loss for the period then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

WMR JV Holdco Limited

Independent auditor's report to the members of WMR JV Holdco Limited

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 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.

Ernst & Young LLP

Paul Wallek (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 2 December 2015

WMR JV Holdco Limited
Registration number: 08921440

Group consolidated statement of profit or loss and other comprehensive income
for the period ended 31 March 2015

	<i>Note</i>	<i>4 March 2014 to 31 March 2015 £</i>
Revenue	4	4,475,397
Cost of sales		(886,867)
Gross profit		3,588,530
Administrative expenses		(6,489,404)
Other operating income	7	543,693
Other operating expenses	8	(3,332,915)
Operating loss		(5,690,096)
Finance income	10	1,625,206
Finance expenses	9	(3,904,729)
Loss before tax from continuing operations		(7,969,619)
Income tax credit	11	1,255,921
Net loss from continuing operations		(6,713,698)
Other comprehensive income		
Net loss on cash flow hedges		(28,137,000)
Deferred tax	11	21,398
Total comprehensive loss		(34,829,300)

The net loss of £6,713,698 for the period ended 31 March 2015 was derived in its entirety from continuing operations.

WMR JV Holdco Limited
Registration number: 08921440

Group consolidated statement of financial position
as at 31 March 2015

	<i>Note</i>	<i>31 March 2015 £</i>
Assets		
Non-current assets		
Property, plant and equipment	12	305,327,310
Intangible assets	13	133,159,183
		<u>438,486,493</u>
Current assets		
Inventories	14	74,144,995
Trade and other receivables	15	9,082,160
Amount due from related parties		51,062,618
Deferred tax assets	11	409,732
Cash and short term deposits	16	82,474,759
		<u>217,174,264</u>
Total assets		<u>655,660,757</u>
Non-current liabilities		
Interest bearing loans and borrowings	17	273,524,920
Provision	20	5,829,057
Deferred tax liabilities		17,839,663
		<u>297,193,640</u>
Current liabilities		
Trade and other payables	18	87,189,876
Amount due to related parties		50,843,124
Interest-bearing loans and borrowings	17	226,765,984
Other financial liabilities	19	28,497,333
		<u>393,296,317</u>
Total liabilities		<u>690,489,957</u>
Shareholders' equity		
Issued capital	22	100
Other reserves	23	(28,115,602)
Retained earnings	23	(6,713,698)
Total equity		<u>(34,829,200)</u>
Total liabilities and shareholders' equity		<u>655,660,757</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Yoji Matsuura, Director

Date: 2 December 2015

Company statement of financial position
as at 31 March 2015

	<i>Note</i>	<i>31 March 2015 £</i>
Assets		
Non-current assets		
Investments	<i>12</i>	100
Current assets		
Amount due from related parties	<i>24</i>	100
Total assets		<u>200</u>
Current liabilities		
Amount due to related parties	<i>24</i>	100
Total liabilities		<u>100</u>
Shareholders' equity		
Issued capital	<i>22</i>	100
Total equity		<u>100</u>
Total liabilities and shareholders' equity		<u>200</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Yoji Matsuura, Director

Date: 2 December 2015

**Group consolidated statement of changes in equity
for the period from 4 March 2014 to 31 March 2015**

	<i>Issued capital</i>	<i>Retained earnings</i>	<i>Cashflow hedges reserve</i>	<i>Deferred tax</i>	<i>Total equity</i>
	£	£	£		£
At 4 March 2014	100	-	-	-	100
Loss for the period	-	(6,713,698)	-	-	(6,713,698)
Other comprehensive loss	-	-	(28,137,000)	21,398	(28,115,602)
At 31 March 2015	100	(6,713,698)	(28,137,000)	21,398	(34,829,200)

**Company statement of changes in equity
for the period from 4 March 2014 to 31 March 2015**

	<i>Issued capital</i>	<i>Retained earnings</i>	<i>Cashflow hedges reserve</i>	<i>Deferred tax</i>	<i>Total equity</i>
	£	£	£		£
At 4 March 2014	100	-	-	-	100
Loss for the period	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-
At 31 March 2015	100	-	-	-	100

WMR JV Holdco Limited

**Notes to the financial statements
for the period to 31 March 2015**

**Group consolidated statement of cash flows
for the period from 4 March 2014 to 31 March 2015**

	<i>Notes</i>	31 March 2015
Operating activities		
Loss before tax		(7,969,619)
Adjustments to reconcile profit before tax to net cash flows:		-
Depreciation and impairment of property, plant, and equipment	5	2,042,368
Net foreign exchange differences		2,122,209
Finance income	10	(80,808)
Finance expense	9	5,683,645
Fair value movement of hedging Item		360,332
		<u>2,158,127</u>
Working capital adjustments:		
Movement in inventory	14	(74,144,995)
Trade and other receivables	15	(60,144,778)
Trade and other payables	18	110,172,663
Interest received		80,808
Interest paid		(4,880,760)
Income tax		867,587
Net cash flows from operating activities		<u>(28,049,475)</u>
Investing activities		
Acquisition of joint operation	3	(192,700,000)
Capital expenditure	13	(196,446,503)
Net cash flows used in investing activities		<u>(389,146,503)</u>
Financing activities		
Interest bearing loans and borrowings obtained, net of debt acquisition cost	17	499,634,719
Issue of shares	22	100
Net cash flows from financing activities		<u>499,634,819</u>
Net increase in cash and cash equivalents		<u>84,596,968</u>
Net foreign exchange difference		(2,122,209)
Cash and cash equivalents at 4 March 2014		-
Cash and cash equivalents at 31 March 2015		<u>82,474,759</u>

1. Corporate information

1.1 Corporate information

WMR JV Holdco Limited (the Company or the Parent) was incorporated on 4 March 2014 and is domiciled in the United Kingdom.

The consolidated financial statements of WMR JV Holdco Limited and its subsidiaries (collectively, the Group) for the period ended 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on 1 December 2015. The principal activity of the Group is the sale of electricity and associated benefits generated from the wind farm Westernmost Rough.

The registered office is located at c/c Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements for the period ended 31 March 2015 are prepared in accordance with International Financial Reporting Standard (IFRS) as adopted by the European Union and the applicable requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in cash flow hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Basis of consolidation

The consolidated financial statements of the Group include its 100% share in WMR JV Investco Limited which has a 50% share of the Joint Operation Westernmost Rough (Holding) Limited. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Under section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

2.3 Going concern

At 31 March 2015 the Group statement of financial position had net current liabilities amounting to £176.1m. The Directors consider it appropriate to prepare the financial statements on a going concern basis. This basis of preparation is supported by the fact that since the statement of financial position date the Group received an equity injection of £174.9m. Furthermore, within six months of the balance sheet date the Commercial Operations Start Date was reached, at which point the Group began invoicing for its share of the wind farm's electrical output and associated benefits. Accordingly, the Group is now generating cash inflows and therefore is in a position to meet its liabilities as they fall due for a period greater than twelve months from the approval of the financial statements.

**Notes to the financial statements
for the period to 31 March 2015**

2.4 Summary of significant accounting policies

Foreign currency translation

The Group and Company's financial statements are presented in British Pounds, which is also the Group and Company's functional currency. The British Pound presents the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the balance sheet date. All differences are taken to the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred (measured at acquisition date fair value) and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses except for the costs to issue debt or equity securities which are recognised in accordance with IAS 32 and IAS 39 as financial assets.

Contingent considerations are recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Investments and joint operations

The Company's investments in subsidiaries are stated at cost less any provision for impairment.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interests in joint operations are recognised in relation to its interest in a joint operation's:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Under joint operations, the expenses that the Group incurs and its share of the revenue earned is recognised in the consolidated statement of profit or loss. Assets controlled by the Group and liabilities incurred by it are recognised in the consolidated statement of financial position.

Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each

**Notes to the financial statements
for the period to 31 March 2015**

reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Tangible fixed assets

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost comprises the purchase price or construction cost and any costs directly attributable to making that asset capable of operating as intended. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Depreciation commences at the point of commercial deployment and is provided over their expected useful economic life as follows:

Freehold land and buildings – not depreciated

Wind farm production assets – 24 years

Wind farm (assets under construction) – not depreciated

Decommissioning asset – 24 years

Each asset's estimated useful life, residual value and method of depreciation are reviewed and adjusted if appropriate at each financial year end.

No depreciation is charged on assets under construction.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the consolidated statement of profit or loss when the item is derecognised.

Decommissioning

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove the wind farm and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the useful economic life of the facility. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the wind farm asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance expense in the consolidated statement of profit or loss.

Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest payable in the consolidated statement of profit or loss in the period in which they are incurred.

Leases

Company as a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as non-current assets of the Group at the lower of their fair value at the date of commencement of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance costs in the statement of profit or loss and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The Group has entered into various operating leases the payments for which are recognised as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease terms.

Cash and cash equivalents

Cash in the statement of financial position comprises of cash at bank.

Inventories

Work-in progress relating to the transmission assets under construction is valued at the lower of cost and net realisable value. Cost of inventories includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to the present condition. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to complete. Inventories are defined as:

- Assets held for sale in the ordinary course of business;
- Assets in the process of preparation for such sale.

Financial instruments

The Group classifies its financial assets and financial liabilities depending on the purpose for which they are acquired. Management determines the classification at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and financial guarantee contracts.

**Notes to the financial statements
for the period to 31 March 2015**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position and are carried at amortised cost.

Provision for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the statement of profit or loss as a finance expense.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or otherwise cancellation of the liabilities are recognised respectively in finance income and finance expense.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the statement of profit or loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates. For those derivatives designated as hedge and for which hedge accounting is desired, the hedge relationship is formally designated and documented at its inception. The documentation identifies the risk management objective and strategy for undertaking the hedge, the hedge instruments, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For a hedged forecast transaction that subsequently results in the recognition of a non-financial asset or liability, the Group has elected to remove the associated gains and losses that were recognised in other comprehensive income (OCI) and include them in the initial cost or other carrying amount of the asset or liability as a basis adjustment.

**Notes to the financial statements
for the period to 31 March 2015**

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expense. Amounts taken to OCI are transferred to the statement of profit or loss when the hedged transaction affects the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Revenue recognition

Revenue arising from the sale of electricity and associated benefits is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of sales taxes.

Income tax

Current income taxes are determined on the basis of estimated taxable income. Current income tax assets and liabilities are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets or liabilities are recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities, based on tax rates and tax laws that have been enacted or substantively enacted for future years. Deferred tax assets are recognised only to the extent, that their realisation is considered probable. Deferred tax assets and liabilities are recorded under non-current assets and liabilities.

Significant accounting judgements and estimates

The preparation of financial statements requires management to make accounting estimates based on complex or subjective judgements, past experience and assumptions deemed reasonable and realistic based on the information available at the time. The use of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. Summarised below are those accounting estimates used in the preparation of the financial statements that are considered critical because they require management to make such estimations.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value measurement of financial instruments

The fair values of financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

New and amended standards and interpretations

The following standards, amendments and interpretations to existing standards, issued by the International

**Notes to the financial statements
for the period to 31 March 2015**

Accounting Standards Board (IASB) and endorsed by the EU, are effective for the first time in the current period but are either not relevant or have no material impact on these financial statements:

- Amendments to IFRS 10, IFRS 11 and IFRS 12
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements, amendments triggered by IFRS 10 Consolidated Financial Statements and IFRS 12 to the portion of IAS 27 that addresses the accounting for consolidated financial statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 21 Levies and
- Improvements to IFRSs 2009-2011 cycle, the key relevant amendments are to IAS 1 'Presentation of Financial Statements' which clarifies the disclosure requirements around comparative information and IAS 16 'Property, Plant and Equipment', which clarifies that the major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory and IAS 32 'Financial Instruments: Presentation' which removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

Standards issued but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but have not been endorsed by the EU for their application to become mandatory. The adoption of these new standards, amendments and interpretations are not relevant or are not expected to have a material impact on the Group's financial statements:

- IFRS 9 'Financial Instruments', effective for the annual accounting periods beginning on or after 1 January 2018. IFRS 9 amends the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on a financial asset, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS39;
- IFRS 15 'Revenue from Contracts with Customers', effective for the annual accounting periods beginning on or after 1 January 2017. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes';
- Amendments to IFRS 10 and IAS 28, in relation to sale or contribution of assets between an investor and its associate or joint venture, effective for the annual accounting periods beginning on or after 1 January 2016;
- Amendments to IFRS 11, accounting for acquisitions of interests in joint operations, effective for the annual accounting periods beginning on or after 1 January 2016;
- Amendments to IAS 16 and IAS 38, clarification of acceptable methods of depreciation and amortisation, effective for the annual accounting periods beginning on or after 1 January 2016;
- Amendments to IAS 19 and improvements to IFRSs 2010-2012 and 2011-2013 cycles, with an effective date for the annual accounting periods beginning on or after 1 July 2014;
- Amendments to IAS 27, equity method in separate financial statements, effective for the annual accounting periods beginning on or after 1 January 2016; and
- Annual improvements to IFRSs 2012-2014 cycle, with an effective date for the annual accounting periods beginning on or after 1 January 2016.

**Notes to the financial statements
for the period to 31 March 2015**

3. Business combinations and acquisition**Acquisition of Westermost Rough (Holding) Limited**

On 31 March 2014 the Group signed an agreement with Dong Energy Wind Power A/S to purchase 50% of the shares in Westermost Rough (Holding) Limited, the holding company of the Westermost Rough offshore wind farm. Westermost Rough consists of 35 Siemens 6MW turbines (giving a total capacity of 210MW) and is located 8km off the coast of North Yorkshire. The wind farm was under construction during the period with commercial operations commencing on 30 June 2015.

The purchase consideration amounted to £238.0m and consisted of: £148m invested in the construction of the wind farm; initial consideration of £44.7m paid upfront and deferred consideration of £45.7m.

The purchase price allocation, as determined with the assistance of third party specialists, valued the wind farm tangible assets at £143.9m, the intangible assets at £110.4m (consisting of a license and permit) and goodwill amounting to £22.8m. The goodwill relates to the deferred tax liabilities created by the fair value uplift of the licences and is not economic goodwill.

In connection with the acquisition the Group entered into long term power purchase agreements, including a 15 year power purchase agreement with Dong Naturgas A/S, whereby Dong Naturgas A/S procures power and other related products from WMR JV Investco Limited (a subsidiary within the Group). This agreement was determined to have a fair value of £16.9m. This is considered to be part of the purchase consideration, resulting in a total consideration figure of £255.3m.

The fair value of the identifiable assets and liabilities of Westermost Rough (Holding) Limited as at the date of acquisition were:

	<i>Fair value at acquisition</i>
Westermost Rough (Holding) Limited	
	£
Goodwill	22,799,981
Fixed assets	
Wind farm assets	143,980,000
Permit/licenses	110,359,000
Current assets	
Cash	511,000
Trade receivables	2,955,000
Deferred tax assets	-
Liabilities	
Trade payables	(11,008,000)
VAT payables	7,624,000
Deferred tax liabilities	(21,933,981)
Net assets	255,287,000

**Notes to the financial statements
for the period to 31 March 2015**

4. Revenue

Revenue is attributable to the sale of electricity and associated benefits.

Group

*From 4 March 2014
to 31 March 2015
£*

Sales of electricity	1,467,580
Renewable obligation certificates	2,867,040
Levy exemption certificates	140,777
	<u>4,475,397</u>

All revenue arose within the United Kingdom.

5. Operating loss

This is stated after charging the following:

Group

*From 4 March 2014
to 31 March 2015
£*

Auditor's remuneration	106,500
Depreciation of property, plant and equipment	2,042,368
Professional fees	79,718
Operating lease charges	464,990

6. Directors' emoluments and employee information**Group and Company**

The Company has no employees other than the Directors. The Directors did not receive any emoluments in respect of their services to the Company.

WMR JV Holdco Limited

**Notes to the financial statements
for the period to 31 March 2015**

7. Other operating income**Group**

*From 4 March 2014
to 31 March 2015*
£

Miscellaneous income	411,359
Net gain on financial instruments at fair value through profit or loss	132,334
	<u>543,693</u>

Miscellaneous income represents amounts recharged to Westernmost Rough Limited for guarantee fees in relation to each indemnified guarantor by the Company.

The net gain on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

8. Other operating expenses**Group**

*From 4 March 2014
to 31 March 2015*
£

Exchange losses	2,141,807
Ineffectiveness on forward contracts designated as cash flow hedges	1,191,108
	<u>3,332,915</u>

Ineffectiveness resulting from cash flow hedges on forward contracts during the year. The ineffectiveness on foreign exchange forward and interest rate swap contracts was £698,442 and £492,666 respectively.

9. Finance expenses**Group**

*From 4 March 2014
to 31 March 2015*
£

Interest and other expenses due to banks and other financial institutions	3,853,558
Unwinding of discount on provisions	51,171
Total finance expenses	<u>3,904,729</u>

WMR JV Holdco Limited

**Notes to the financial statements
for the period to 31 March 2015**

10. Finance income**Group**

*From 4 March 2014
to 31 March 2015
£*

Interest income on cash at bank	1,625,206
Total finance income	1,625,206

11. Taxation**Group**

*From 4 March
2014
to 31 March 2015
£*

Current tax:	
Adjustment in respect of prior years	(317,637)
Deferred tax:	
Current year	(975,441)
Effect of changes in tax rates	37,157
	(938,284)
	(1,255,921)

Factors affecting tax charge for the period

The current tax assessed for the period is lower than the standard rate of corporation tax in the UK of 21.14%. The differences are explained below:

Loss on ordinary activities before taxation	(7,969,619)
Tax on loss at standard UK tax rate of 21.14%	(1,684,776)
Effects of:	
Adjustments in respect of prior year	317,637
Expenses not deductible	222,662
Tax rate changes	22,216
Tax losses not recognised	1,726,552
Derivative basis adjustments included in losses not recognised	(1,860,212)
Current tax charge for the period	(1,255,921)

WMR JV Holdco Limited

Notes to the financial statements for the period to 31 March 2015

11. Taxation (continued)

WMR JV Holdco Limited is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No corporation tax has been provided because another group company has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge.

Finance Act 2013 announced further reductions in the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015. These further reductions in the main rate of corporation tax were substantively enacted on 2 July 2013. The Group's deferred tax balances are stated based on the tax rates at which the deferred tax balances are expected to reverse.

12. Property, plant and equipment

Group

	<i>Freehold land and buildings</i>	<i>Windfarm asset under construction</i>	<i>Windfarm production assets</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 4 March 2014	45,000	88,470,156	-	88,515,156
Additions	-	213,172,164	5,682,358	218,854,522
Transfer	-	(180,730,724)	180,730,724	-
At 31 March 2015	45,000	120,911,596	186,413,082	307,369,678
Accumulated depreciation				
At 4 March 2014	-	-	-	-
Charge for the period	-	-	(2,042,368)	(2,042,368)
At 31 March 2015	-	-	(2,042,368)	(2,042,368)
Net Book Value	-	-	-	-
At 31 March 2015	45,000	120,911,596	184,370,714	305,327,310

Company

Investment

	<i>2015</i>
	£
Cost:	
At 4 March 2014	-
Additions	100
At 31 March 2015	100

WMR JV Holdco Limited

**Notes to the financial statements
for the period to 31 March 2015**

13. Intangible assets**Group**

	<i>Intangible assets £</i>	<i>Goodwill £</i>	<i>Total £</i>
Cost:			
At 4 March 2014	-	-	-
Additions	110,359,202	22,799,981	133,159,183
At 31 March 2015	<u>110,359,202</u>	<u>22,799,981</u>	<u>133,159,183</u>
Net Book Value	-	-	-
At 31 March 2015	<u>110,359,202</u>	<u>22,799,981</u>	<u>133,159,183</u>

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>	<i>Principal activity</i>
WMR JV Investco Limited	Ordinary	100%	Purchase and sale of electricity and associated benefits and holding company
Westermost Rough (Holding) Limited	Ordinary	50%	Holding Company

The most recent accounting period end date of WMR JV Investco Limited was 31 March 2015

The most recent accounting period end date of Westermost Rough (Holding) Limited was 31 December 2014.

Intangible assets consists mainly of the permit right owned by Westermost Rough Limited and will be amortised over its estimated economic useful life on a straight-line basis once commercial operations start.

14. Inventories**Group**

	<i>2015 £</i>
Work in progress	<u>74,144,995</u>

Work in progress predominately relates to costs incurred in connection with the construction of the Transmission asset. The Group intends to sell the asset in January 2016, in line with the requirements of the Energy Act 2013.

15. Trade and other receivables**Group**

	<i>2015 £</i>
Trade receivables	53,819
Prepayments	3,086,490
Other receivables	5,941,851
	<u>9,082,160</u>
	<u>25</u>

**Notes to the financial statements
for the period to 31 March 2015**

15. Trade and other receivables (continued)

As of 31 March 2015, loans receivable from related parties amounted to £51,062,618; which are considered fully recoverable. These relate to entities with which there is no history of default.

As at 31 March 2015, the analysis of trade receivables that were past due but not impaired is as follows:

	<i>Total</i>	<i>Neither past due nor impaired</i>	<i>< 30 days</i>	<i>30-60 days</i>	<i>60 - 90 days</i>	<i>> 90 days</i>
2015	53,819	53,819	-	-	-	-

16. Cash and cash equivalents

Group

	<i>2015 £</i>
Cash at bank	<u>82,474,759</u>

Cash and cash equivalents amounted to £82,474,759 at the period end, of which 26% is denominated in EUR, 28% is denominated in DKK, 0.1% is denominated in USD and the balance is denominated in GBP. Cash and cash equivalents held with related parties totals £Nil.

17. Interest bearing loans and borrowings

Group

		<i>31 March 2015 Actual interest rate %</i>	<i>Effective interest rate %</i>	<i>Maturity</i>	<i>2015 £</i>
Current					
Transmission term facility	(i)	LIBOR+1.95%	LIBOR+1.95	31 Mar 20	71,483,178
Working capital facility	(ii)	LIBOR+2%	LIBOR+2%	15 Dec 29	942,483
Equity bridge loans	(iii)	LIBOR+0.3%	LIBOR+0.3%	30 Sep 15	<u>154,340,323</u>
					<u>226,765,984</u>
Non-current					
Loans due to fellow undertakings	(vi)	LIBOR +2.75-3.50%	LIBOR +2.75-3.50%	30 Jun 31	49,844,816
Generator term facility	(iv)	LIBOR + 2.75-3%	LIBOR + 2.75-3%	15 Dec 29	95,468,136
JBIC facility	(v)	LIBOR + 1.675%	LIBOR + 1.675%	15 Dec 29	143,202,203
Debt acquisition costs net of accumulated amortisation and effective interest rate adjustments					<u>(14,990,235)</u>
					<u>273,524,920</u>

i) On 8 August 2014, the Group entered into a £82,000,000 68 month transmission facility agreement with a syndicate of four international banks. The facility is available for investment and funding requirements. The facility matures on 31 March 2020. As at 31 March 2015 £71,483,178 had been drawn under this facility.

**Notes to the financial statements
for the period to 31 March 2015**

17. Interest bearing loans and borrowings (continued)

ii) On 8 August 2014, the Group entered into a £20,000,000 185 month working capital facility agreement with an international bank. The facility is available to meet working capital requirements. The facility matures on 15 December 2029. As at 31 March 2015, £942,483 had been drawn under this facility.

iii) On 11 August 2014, the Group entered into three 14 month equity bridge loan agreements, with a total available commitment of £205,000,000. Two of these loans, representing half of the available commitment, were provided by international banks and sponsored by Marubeni Corporation. The remaining half of the commitment was made available by UK Green Investment Bank plc., a shareholder of WMR JV Holdco Limited. The facilities are available to meet the Group's equity requirements when borrowing funds under either of the term facilities or the JBIC facility. The equity bridge loan facilities mature on 31 March 2020. As at 31 March 2015, £154,340,323 had been drawn under these facilities.

iv) On 8 August 2014, the Group entered into a £115,000,000 185 month generator facility agreement with a syndicate of four international banks. The facility is available for investment and funding requirements. The facility matures on 15 December 2029. As at 31 March 2015 £95,468,136 had been drawn under this facility.

v) On 8 August 2014, the Group entered into a £172,500,000 185 month facility agreement with an international bank. The facility is available for investment and funding requirements. The facility matures on 15 December 2029. As at 31 March 2015, £143,202,203 had been drawn under this facility.

vi) On 4 April 2014, the Group entered into a 207 month working capital loan facility, funding facility and OFTO loan facility agreement with both shareholders. As at 31 March 2015, the Group's share of funds that had been drawn under these facilities amounted to £49,844,816.

18. Trade and other payables**Group**

	2015
	£
Trade payables	16,753,155
Accrued expenses	49,275,835
Other liabilities	21,160,886
	<u>87,189,876</u>

19. Other financial liabilities**Group**

	2015
	£
Financial instruments at fair value through OCI	
Foreign exchange forward contracts	407,068
Interest swaps contracts	28,090,265
Total fair value of hedging derivatives	<u>28,497,333</u>

**Notes to the financial statements
for the period to 31 March 2015**

19. Other financial liabilities (continued)

Financial liabilities at fair value through OCI reflect the change in fair value of: (i) foreign exchange forward contracts designated as cash flow hedges to hedge highly probable future funding in DKK and EUR; and (ii) interest rate swap agreements designated as cash flow hedges to hedge the variable interest rate (LIBOR) payable on the Generator term facility, the JBIC facility and the Transmission term facility.

i) Foreign exchange forward contracts:

The forecast transactions were deemed to be highly probable and comprised approximately 40% of the Group's total expected funding in its investment. The cash flow hedges were assessed to be highly effective, and as at 31 March 2015, a net unrealised loss of £407,068 was included in OCI in respect of these forward contracts. The ineffectiveness recognised during the period amounted to £698,442.

The amount removed from OCI during the period and included in the carrying amount of the investment as a basis adjustment totalled £8,798,427.

ii) Interest rate swap agreements:

The Group entered into interest rate swap agreements with a total notional amount of £349.8m: £275.8m in relation to the Generator term/JBIC loan facilities and £74.0m in relation to the Transmission term facility.

These agreements enable the Group to receive a variable rate of interest (LIBOR) in exchange for the payment of a fixed rate of interest of: 2.84% for the swaps in relation to the Generator term/JBIC loan facility and 0.975% on the swaps relating to the Transmission term facility.

The swaps are being used to hedge the exposure to changes in the fair value of its variable rate loans. These cash flow hedges were assessed to be highly effective, and as at 31 March 2015, a net unrealised loss of £28,090,265 was included in OCI in respect of these contracts. The ineffectiveness recognised during the period was £492,666.

The following financial instruments are measured at fair value using the hierarchy below for determination and disclosure of their respective fair values:

- Level 1: Unadjusted quoted prices in active markets for identical financial assets or liabilities
- Level 2: Other valuation techniques where the inputs are based on significant observable factors
- Level 3: Other valuation techniques where the inputs are based on significant unobservable market data

	Date of valuation	Level 1 2015 £	Level 2 2015 £
Financial assets			
Cash and cash equivalents	31 March 2015	82,474,759	
Financial liabilities			
Interest bearing loans and borrowings	31 March 2015		500,290,904
Foreign exchange forward contracts	31 March 2015		407,068
Interest swaps contracts	31 March 2015		28,090,265

The cash and cash equivalents are classified as level 1 of the fair value hierarchy because they are valued using current market prices.

The derivative financial liabilities are classified as level 2 of the fair view hierarchy because they are valued using techniques that are based upon quoted rates in an active market.

The Group does not acquire, hold or issue financial instruments for trading purposes. The estimated fair values of the Group's financial instruments approximates carrying values at 31 March 2015, there were no transfers between level 1 and level 2 fair value measurements.

**Notes to the financial statements
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20. Provision

Group	2015 £
At 4 March 2014	-
Additions during the period	5,777,886
Unwinding of provision	51,171
At 31 March 2015	<u><u>5,829,057</u></u>

The decommissioning provision primarily relates to the Group's obligation for the removal of facilities and restoration of the site of the wind farm. The liability is discounted at the rate of 4.5%. The unwinding of the discount is classified as a finance cost (note 9). The Group estimates that the cash outflows against the provision will arise in 2039.

21. Commitments and contingencies**Operating lease**

The Group has financial commitments in respect of a non-cancellable operating lease for an area of seabed where the wind farm is located. The lease has a 50 year term which terminates on 29 January 2063, with a break clause in 2034. The operating lease rental charged is based on the generation (measured in MWh). The future minimum rental commitments under the lease term are as follows:

Group	2015 £
Within one year	819,924
After one year but not more than five years	3,279,696
More than five years	12,298,860
	<u><u>16,398,480</u></u>

Capital commitments

At 31 March 2015, the Group had capital commitments totalling £85,832,386 in relation to the construction of Westernmost Rough wind farm assets.

22. Issued capital

Group and Company	2015 £
<i>Allotted, not paid</i>	
100 – Ordinary shares of £1 each	<u><u>100</u></u>

The group was incorporated on 4 March 2014 with an initial share capital of 100 ordinary shares of £1 each.

Notes to the financial statements
for the period to 31 March 2015

23. Reserves

Group	Cash flow hedging reserves £	Deferred tax £	Profit and loss account £
At 4 March 2014	-	-	-
Loss for the period	-	-	(6,713,698)
Other comprehensive income	(28,137,000)	21,398	-
At 31 March 2015	(28,137,000)	21,398	(6,713,698)

Cash flow hedging reserves

The cash flow hedge reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

24. Transactions with related parties

Transactions with the parent and related entities include sales, purchases and financing activities.

The following tables provide the total amount of transactions which have been entered into with related parties:

Group	Income from related parties £	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Associates	1,954,976	(10,716)	2,366,074	(14,288)
Parent	-	(2,850,212)	100	(127,861,854)
Fellow subsidiary undertakings	1,469,450	(33,311,758)	48,696,444	(49,711,515)

Company	Income from related parties £	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Parent	-	-	100	-
Fellow subsidiary undertakings	-	-	-	(100)

**Notes to the financial statements
for the period to 31 March 2015**

25. Risk management and financial instruments

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments

Group

	<i>Carrying amount 2015 £</i>	<i>Fair value 2015 £</i>
Financial assets		
Cash and cash equivalents	82,474,759	82,474,759
Trade and other receivables	60,144,778	60,144,778
Total financial assets	142,619,537	142,619,537
Financial liabilities		
Trade and other payables	(138,033,000)	(138,033,000)
Financial liabilities	(28,497,333)	(28,497,333)
Interest bearing loans and borrowings	(500,290,904)	(515,281,139)
Total financial liabilities	(666,821,237)	(681,811,472)

The Group's financial assets and liabilities, other than derivatives, comprise of trade and other receivables, amounts due from/to related parties, cash, interest-bearing loans and borrowings, and trade and other payables.

The fair values of long-term interest-bearing loans and borrowings are equivalent to their amortised costs determined as the present value of discounted future cash flows using the effective interest rate.

The Group's activities expose it to various financial risks particularly associated with interest rate risk on its loans and borrowings and foreign currency risk on both conducting business in currencies other than reporting currency as well as translation of the assets and liabilities of foreign currency balances to the reporting currency. The Group evaluates these risks through monitoring and manages these risks using a combination of various derivative instruments, principally forward currency contracts and interest rate swaps, in line with the Group's hedging policies.

The other main risks (besides interest rate risk and foreign currency risk) arising from the Group's financial instruments are credit risk, liquidity risk and price risk and the policies relating to these risks are discussed in detail below:

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the Group's interest-bearing financial liabilities and assets. The Group's exposure to market risk arising from changes in interest rates relates primarily to the Group's long-term floating rate debt obligations and its cash and bank balances.

The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2015, after taking into account the effect of interest rate swaps, approximately 66% of the Group's borrowings are at a fixed rate of interest. The majority of the floating rate borrowings (which consist of the equity bridge loans) were repaid in full on 30 September 2015, at which point LIBOR rates were largely in line with those reported at 31 March 2015.

Notes to the financial statements
for the period to 31 March 2015

25. Risk management and financial instruments (continued)

Interest rate sensitivity analysis:

The impact on the Group's profit before tax and finance liabilities due to a reasonably possible change in interest rates on loans and borrowings at the reporting date is demonstrated in the table below. The analysis assumes that all other variables remain constant

	<i>Effect on loss before tax</i>	
	<i>100 basis point increase</i>	<i>100 basis point decrease</i>
	£	£
31 March 2015	(1,928,225)	1,928,225

This effect is driven predominately by the floating rate interest payable on the equity bridge loan facilities, which were repaid within 6 months of the period end.

The following table reflects the maturity profile of these financial liabilities and assets:

<i>£'000</i>	<i>< 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 year</i>	<i>More than 5 year</i>	<i>Total</i>
2015					
Loans due from fellow undertaking	-	-	42,079,467	7,765,350	49,844,817
Terms loans	942,483	71,483,178	40,197,806	183,482,297	296,105,764
Equity bridge facility	-	154,340,323	-	-	154,340,323
Total financial liabilities	942,483	225,823,501	82,277,273	191,247,647	500,290,904
Cash	82,474,759	-	-	-	82,474,759
Total financial assets	82,474,759	-	-	-	82,474,759

Interest rate swaps

At 31 March 2015, the Group had interest rate swap agreements in place for its loans with a notional principle equivalent to £349.8m (being £275.8m in relation to the generator term/JBIC loan facilities and £74.0m in relation to the transmission term facility) whereby it pays a fixed rate of interest (2.84% for the swaps in relation to the generator term/JBIC loan facilities and 0.975% for the swaps relating to the transmission facility) and receives a variable rate equal to LIBOR on the notional amount. The fair value of the interest rate swaps at 31 March 2015 is a total liability of £28,090,265 (being £27,983,251 in relation to the generator term/JBIC loan facility swaps and £107,014 in relation to the transmission term facility swaps) and is being used to hedge the exposure to changes in LIBOR rates.

Notes to the financial statements
for the period to 31 March 2015

25. Risk management and financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on purchases, and translation of assets and liabilities that are in a currency other than the functional currency of its operating units. The Group is also exposed to the translation of the functional currencies of its units to the GBP reporting currency of the Group. The Group uses forward currency contracts to manage the currency exposure on transactions significant to its operations. It is the Group's policy not to enter into forward contracts until a highly probable forecast transaction is in place and to negotiate the terms of the derivative instruments used for hedging to match the terms of the hedged item to maximise hedge effectiveness.

Foreign currency sensitivity analysis

The income statements of foreign currency transactions are translated into the reporting currency using a weighted average exchange rate of conversion. Foreign currency monetary items are translated using the closing rate at the reporting date. Revenues and costs in currencies other than the functional currency of an operating unit are recorded at the prevailing rate at the date of the transaction. The following significant exchange rates applied during the period in relation to GBP:

	<i>Average rate</i>	<i>Closing rate</i>
USD	1.6166	1.4818
EUR	1.2693	1.3670
DKK	9.4571	10.9020

The following table summarises the impact on the Group's pre-tax profit (due to change in the fair value of monetary assets and liabilities) of a reasonably possible change in GBP exchange rates with respect to different currencies:

	<i>Effect on profit before tax</i>	
	<i>10% GBP rate increase</i>	<i>10% GBP rate decrease</i>
	<i>£</i>	<i>£</i>
31 March 2015	2,464,775	(2,464,775)

This effect is predominantly driven by the large EUR and DKK cash balances held, which substantially exceed the EUR/DKK liabilities due. Within 6 months of the period end, the cash balances had substantially reduced, as had the liabilities due.

**Notes to the financial statements
for the period to 31 March 2015**

25. Risk management and financial instruments (continued)**Liquidity risk**

The Group's primary objective is to ensure sufficient liquidity is available to support future growth. The strategy includes the provision of financial capital and the potential impact on the Group's capital structure is reviewed regularly. The Group is not exposed to any external capital constraints. The maturity profiles of the Group's financial liabilities at 31 March 2015 are as follows:

<i>£'000</i>	<i>< 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 year</i>	<i>More than 5 year</i>	<i>Total</i>
2015					
Interest bearing loans and borrowings	942,483	225,823,500	82,277,273	191,247,648	500,290,904
Trade and other payables	92,333,000	45,700,000	-	-	138,033,000
Foreign exchange contracts	407,068	-	-	-	407,068
Interest rate swap contracts	-	-	-	28,090,265	28,090,265
Total financial liabilities	93,682,551	271,523,500	82,277,273	219,337,913	666,821,237

Credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as agreed. The Group's maximum exposure to credit risk is limited to the carrying value of cash and cash equivalents and other receivables. Group policies are aimed at minimising credit risk. These policies have proved effective in minimising the level of impaired and past due receivables.

26. Ultimate parent undertaking and controlling party

The ultimate shareholders of WMR JV Holdco Limited are:

Fuujin Power Limited, a company registered in England and Wales and part of the Marubeni Corporation Group, which is incorporated in Japan. Copies of Marubeni Corporation financial statements can be obtained from its registered office at 4-2, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo 100-8088, Japan.

UK Green Investment Bank plc, a company registered in Scotland. Copies of UK Green Investment Bank plc financial statements can be obtained from its registered office at Atria One, Level 7, 144 Morrison Street, Edinburgh EH3 8EX.

Decisions are agreed mutually between the shareholders and, therefore, the Directors are of the opinion that there is no ultimate controlling party or parent company.