

Registration number: 9756678

Galloper Wind Farm Holding Company Limited

Annual Report and Consolidated Financial Statements

for the Period from 1 September 2015 to 31 December 2015



Galloper Wind Farm Holding Company Limited

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Galloper Wind Farm Holding Company Limited

Company Information

Directors	W Bischoff
	P Cowling
	M Dooley
	N Heller
	M Langham
	C Möckl
	D Roseman
	R Sandford
	N Slater
Company secretary	J Stuart
	C Barras
Registered office	P Sainsbury
	Windmill Hill Business Park
	Whitehill Way
	Swindon
	Wiltshire
Independent auditors	SN5 6PB
	PricewaterhouseCoopers LLP
	Chartered Accountants and Statutory Auditor
	1 Embankment Place
	London
	WC2N 6RH

Galloper Wind Farm Holding Company Limited

Strategic Report for the period from 1 September 2015 to 31 December 2015

The directors present their strategic report for the period from 1 September 2015 to 31 December 2015.

Fair review of the business

The company was incorporated on 1 September 2015.

During 2015 the Galloper project was restructured and on 29 October 2015 agreements were concluded for subsidiaries of UK Green Investment Bank, Siemens and Macquarie to join RWE in becoming 25% joint equity partners in the 336MW Galloper offshore wind project. In addition to the capital invested by the equity partners the project will be funded through £1.37 billion of debt facilities provided by a consortium of commercial banks and the European Investment Bank.

As part of the overall partnership agreement, Siemens will supply and install 56, six megawatt turbines for the Galloper project and subsequently deliver a 15 year maintenance contract.

Prior to the restructuring the project was owned by an unincorporated joint venture between RWE and SSE. During the restructuring the ownership of the project was transferred to Galloper Wind Farm Limited which became a wholly owned subsidiary of the company on 29 October 2015.

The Galloper project is located off the Suffolk coast and was awarded development rights by The Crown Estate in May 2010. Construction of the project began in November 2015 and the wind farm will commence operations by March 2018.

The group's key financial and other performance indicators during the period were as follows:

	2015
Profit/(loss) for the period	£2,772,853
Total equity at 31 December	£28,830,405

The company's directors are of the opinion that the key performance indicators ("KPI's") necessary for an understanding of the development performance and position of the business are its result after tax and total equity. These are shown above.

Principal risks and uncertainties

The principal risk and uncertainty facing the business is the impact of unforeseen delays on the expected completion date of the wind farm being constructed by the group. In order to manage this risk, management has allocated significant project and engineering resource to ensure the completion of construction within acceptable time limits.

Approved by the Board on 21 June 2016 and signed on its behalf by:



N Heller
Director

Galloper Wind Farm Holding Company Limited

Directors' Report for the Period from 1 September 2015 to 31 December 2015

The directors present their report and the audited consolidated financial statements for the period from 1 September 2015 to 31 December 2015.

Incorporation

The company was incorporated on 1 September 2015.

Directors of the group

The directors who held office during the period and up to the date of signing the financial statements were as follows:

W Bischoff (appointed 29 October 2015)

P Cowling (appointed 23 November 2015)

M Dooley (appointed 29 October 2015)

N Heller (appointed 29 October 2015)

M Langham (appointed 29 October 2015)

C Möckl (appointed 1 September 2015)

D Roseman (appointed 29 October 2015)

R Sandford (appointed 1 September 2015)

N Slater (appointed 29 October 2015)

The following director was appointed after the period end:

J Stuart (appointed 11 February 2016)

Principal activities

The principal activity of the company is as a holding company. The company's wholly owned subsidiary is constructing the Galloper wind farm, which is situated off the Suffolk coast.

Dividends

On 29 October 2015 the company paid an interim dividend of £3,126,193.

The directors do not recommend the payment of a final dividend.

Financial instruments

Objectives and policies

The financial risk management and policies of the group are disclosed in note 24 to the financial statements, "Financial risk management and impairment of financial assets".

Future developments

The group will continue to progress the onshore and offshore stages of the construction of the Galloper wind farm which is scheduled to commence operation by March 2018.

Galloper Wind Farm Holding Company Limited

Directors' Report for the Period from 1 September 2015 to 31 December 2015 (continued)

Going concern

The financial statements have been prepared on a going concern basis. The group meets its capital requirements through its share capital and bank facilities. The group's forecasts and projections, taking account of reasonably possible changes in the performance of the project, show that the group should be able to operate within the level of its current facilities. After making enquiries the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future.

Directors' liabilities

The directors are entitled to be indemnified by the company to the extent permitted by law and the company's Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The company has executed deeds of indemnity for the benefit of each director in respect of liabilities which may attach to them in their capacity as directors of the company. The company purchased and has maintained Directors' and Officers' liability insurance since 12 October 2015, which will be renewed annually. Neither the indemnities nor the insurance provide cover in the event that the director is proved to have acted fraudulently.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 21 June 2016 and signed on its behalf by:



N Heller
Director

Galloper Wind Farm Holding Company Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 group and the company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Galloper Wind Farm Holding Company Limited

Independent Auditors' Report to the members of Galloper Wind Farm Holding Company Limited

Report on the financial statements

Our opinion

In our opinion:

- Galloper Wind Farm Holding Company Limited's group financial statements and parent company financial statements (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 December 2015 and of the group's profit and the group's and the parent company's cash flows for the 4 month period (the "period") then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and the Consolidated Financial Statements (the "Annual Report"), comprise:

- the consolidated and company statements of financial position as at 31 December 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated and company statements of cash flows for the period then ended;
- the consolidated and company statements of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Galloper Wind Farm Holding Company Limited

Independent Auditors' Report to the members of Galloper Wind Farm Holding Company Limited (continued)

Responsibilities for the financial statements and audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



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Michael Aumann (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

22 June 2016

Gallopier Wind Farm Holding Company Limited

Consolidated Income Statement for the Period from 1 September 2015 to 31 December 2015

	Note	1 September 2015 to 31 December 2015 £
Revenue		-
Other expenses		(61,545)
Other gains	4	<u>3,126,221</u>
Operating profit		<u>3,064,676</u>
Finance income		21,962
Finance costs		<u>(394,768)</u>
Net finance cost	5	<u>(372,806)</u>
Profit before tax		2,691,870
Income tax credit	9	<u>80,983</u>
Profit for the period		<u><u>2,772,853</u></u>
Profit/(loss) attributable to:		
Owners of the company		<u><u>2,772,853</u></u>

The above results were derived from continuing operations.

Galloper Wind Farm Holding Company Limited

**Consolidated Statement of Comprehensive Income for the Period from 1 September
2015 to 31 December 2015**

	Note	1 September 2015 to 31 December 2015 £
Profit for the period		2,772,853
Items that may be reclassified subsequently to profit or loss		
Gain/(loss) on cash flow hedges (net)	18	<u>5,279,174</u>
Total comprehensive income for the period		<u>8,052,027</u>
Total comprehensive income attributable to:		
Owners of the company		<u>8,052,027</u>

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 9.

Gallopier Wind Farm Holding Company Limited

(Registration number: 9756678)

Consolidated Statement of Financial Position as at 31 December 2015

	Note	31 December 2015 £
Assets		
Non-current assets		
Property, plant and equipment	10	43,961,416
Intangible assets	11	81,687,188
Other non-current financial assets	13	5,221,296
Deferred tax assets	9	1,333,029
		<u>132,202,929</u>
Current assets		
Trade and other receivables	14	140,232,046
Cash and cash equivalents	15	3,027,894
Other current financial assets	13	6,807,120
		<u>150,067,060</u>
Total assets		<u>282,269,989</u>
Equity and liabilities		
Equity		
Share capital	16	(924,797)
Share premium	17	(56,092,446)
Cash flow hedging reserve	18	(5,279,174)
Other reserves	19	33,112,672
Accumulated losses / (Retained earnings)		353,340
Total equity		<u>(28,830,405)</u>
Non-current liabilities		
Loans and borrowings	20	(189,714,699)
Other non-current financial liabilities	13	(2,377,193)
Deferred tax liabilities	9	(2,367,451)
		<u>(194,459,343)</u>
Current liabilities		
Trade and other payables	21	(27,510,454)
Loans and borrowings	20	(28,320,433)
Other current financial liabilities	13	(3,149,354)
		<u>(58,980,241)</u>
Total liabilities		<u>(253,439,584)</u>
Total equity and liabilities		<u>(282,269,989)</u>

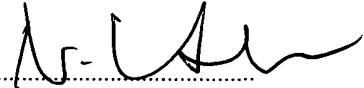
The notes on pages 17 to 46 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

(Registration number: 9756678)

Consolidated Statement of Financial Position as at 31 December 2015 (continued)

The financial statements on pages 8 to 46 were approved by the Board on 21 June 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N. Heller', written over a dotted line.

N Heller

Director

The notes on pages 17 to 46 form an integral part of these financial statements.

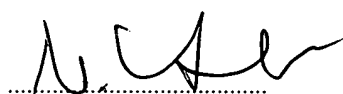
Galloper Wind Farm Holding Company Limited

(Registration number: 9756678)

Company Statement of Financial Position as at 31 December 2015

	Note	31 December 2015 £
Assets		
Non-current assets		
Investments in subsidiaries, joint ventures and associates	12	92,478,936
Deferred tax assets	9	3,600
Trade and other receivables	14	<u>28,310,266</u>
		120,792,802
Current assets		
Cash and cash equivalents	15	<u>16</u>
Total assets		<u><u>120,792,818</u></u>
Equity and liabilities		
Equity		
Share capital	16	(924,797)
Share premium	17	(56,092,446)
Other reserves	19	(35,461,689)
Retained earnings		<u>(3,628)</u>
Total equity		(92,482,560)
Non-current liabilities		
Loans and borrowings	20	<u>(28,310,258)</u>
Total equity and liabilities		<u><u>(120,792,818)</u></u>

The financial statements on pages 8 to 46 were approved by the Board on 21 June 2016 and signed on its behalf by:



N Heller
Director

Galloper Wind Farm Holding Company Limited

Consolidated Statement of Changes in Equity for the Period from 1 September 2015 to 31 December 2015

	Share capital £	Share premium £	Cash flow hedging reserve £	Merger reserve £	Non-distributable reserve £	(Accumulated losses) / Retained earnings £	Total equity £
Profit for the period	-	-	-	-	-	2,772,853	2,772,853
Other comprehensive income	-	-	5,279,174	-	-	-	5,279,174
Total comprehensive income	-	-	5,279,174	-	-	2,772,853	8,052,027
Dividends paid	-	-	-	-	-	(3,126,193)	(3,126,193)
New share capital subscribed	924,797	56,092,446	-	-	-	-	57,017,243
Merger adjustment, increase/ (decrease) in equity	-	-	-	35,461,689	(68,574,361)	-	(33,112,672)
	924,797	56,092,446	-	35,461,689	(68,574,361)	(3,126,193)	20,778,378
At 31 December 2015	924,797	56,092,446	5,279,174	35,461,689	(68,574,361)	(353,340)	28,830,405

The notes on pages 17 to 46 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

Company Statement of Changes in Equity for the Period from 1 September 2015 to 31 December 2015

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
Profit for the period	-	-	-	3,129,821	3,129,821
Total comprehensive income	-	-	-	3,129,821	3,129,821
Dividends paid	-	-	-	(3,126,193)	(3,126,193)
New share capital subscribed	924,797	56,092,446	-	-	57,017,243
Merger adjustment, increase/ (decrease) in equity	-	-	35,461,689	-	35,461,689
At 31 December 2015	<u>924,797</u>	<u>56,092,446</u>	<u>35,461,689</u>	<u>3,628</u>	<u>92,482,560</u>

The notes on pages 17 to 46 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

Consolidated Statement of Cash Flows for the Period from 1 September 2015 to 31 December 2015

	Note	1 September 2015 to 31 December 2015 £
Cash flows from operating activities		
Profit for the period before tax		2,691,870
Adjustments to cash flows from non-cash items		
Financial instrument net gains (losses) through profit and loss		(63,852)
Profit from disposals of investments	4	<u>(3,126,221)</u>
		(498,203)
Working capital adjustments		
Increase in trade and other receivables		(119,665,011)
Decrease in trade and other payables		<u>(120,375,381)</u>
Net cash flow from operating activities		<u>(240,538,595)</u>
Cash flows from investing activities		
Acquisitions of property plant and equipment		(17,310,220)
Purchase of SPVs		2,201,261
Gain on sale of investment		3,126,221
Acquisition of subsidiary, net of cash acquired		<u>10,097,665</u>
Net cash flows from investing activities		<u>(1,885,073)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		27,878,940
Proceeds from bank borrowing draw downs		192,819,891
Proceeds from other borrowing draw downs		27,878,924
Dividends paid		<u>(3,126,193)</u>
Net cash flows from financing activities		<u>245,451,562</u>
Net increase in cash and cash equivalents		3,027,894
Cash and cash equivalents at 1 September		<u>-</u>
Cash and cash equivalents at 31 December	15	<u><u>3,027,894</u></u>

The notes on pages 17 to 46 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

Company Statement of Cash Flows for the Period from 1 September 2015 to 31 December 2015

	Note	1 September 2015 to 31 December 2015 £
Cash flows from operating activities		
Profit for the period before tax		3,126,221
Adjustments to cash flows from non-cash items		
Finance income	5	<u>(3,126,221)</u>
Net cash flow from operating activities		<u>-</u>
Cash flows from investing activities		
Acquisition of subsidiaries	12	(157,078,940)
Proceeds from sale of subsidiaries		64,600,004
Advances of loans, classified as investing activities		(28,310,266)
Dividend income	5	<u>3,126,221</u>
Net cash flows from investing activities		<u>(117,662,981)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		92,478,932
Proceeds from other borrowing draw downs		28,310,258
Dividends paid		<u>(3,126,193)</u>
Net cash flows from financing activities		<u>117,662,997</u>
Net increase in cash and cash equivalents		16
Cash and cash equivalents at 1 September		<u>-</u>
Cash and cash equivalents at 31 December	15	<u><u>16</u></u>

The notes on pages 17 to 46 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015

1 General information

The company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6PB
United Kingdom

These financial statements were authorised for issue by the Board on 21 June 2016.

2 Accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The company has taken advantage of section 408 of the Companies Act 2006 and therefore the separate financial statements of the company do not include the income statement or the statement of comprehensive income of the company on a stand-alone basis.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules modified by revaluation or financial assets and financial liabilities held at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Going concern

The financial statements have been prepared on a going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 31 December 2015.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in accounting policy

New standards, interpretations and amendments effective

The following standards, interpretations and amendments issued by IASB and IFRS Interpretations Committee are effective for the first time from 1 September 2015. None of these pronouncements has had a material impact on the group's results or assets and liabilities for the period ended 31 December 2015.

Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'

The standard is amended in respect of the use of revised standards by first time adopters.

Amendments to IFRS 3, 'Business combinations'

The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11.

Amendments to IFRS 13, 'Fair value measurement'

The standard is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

Amendments to IAS 40, 'Investment property'

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

New standards, interpretations and amendments not yet effective

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the group's financial statements in future:

IFRS 9, 'Financial Instruments'

IFRS 9, which replaces the guidance in IAS 39, addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The group will assess the impact of this standard which applies to periods beginning on or after 1 January 2018.

IFRS 15, 'Revenue from Contracts with Customers'

The IASB has issued a new standard for the recognition of revenue which is effective for periods beginning on or after 1 January 2018. Since the group is not expected to have any significant revenue until the wind farm starts operation this standard does not have an effect on the current activities of the group.

Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Wind farms	Straight line over 23 years
Motor vehicles	Straight line over 5 years

Wind farms are not depreciated until they become operational.

Goodwill

Goodwill is measured as set out above. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets

Intangible fixed assets are stated at original cost less accumulated amortisation. Development costs incurred in the initial creation of the Galloper wind farm are capitalised.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life.

The useful economic life is currently estimated at 23 years from the date the Galloper wind farm becomes operational and matches the period over which the group will receive the economic benefit arising from the intangible asset.

Asset class	Amortisation method and rate
Wind farm development costs	Straight line over 23 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss ('FVTPL'), loans and receivables, and available-for sale ('AFS'). AFS investments are initially measured at fair value including transaction costs. Financial assets held at FVTPL are initially recognised at fair value and transaction costs are expensed. Financial assets at FVTPL include financial assets held for trading and those designated at FVTPL at inception. Derivatives are classified as held for trading unless they are accounted for as an effective hedging instrument. Financial assets at FVTPL are recorded at fair value, with any fair value gains or losses recognised in the income statement in the period in which they arise.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company has no intention of trading these loans and receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Amounts payable in respect of financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. The group's financial liabilities comprise trade and other payables and borrowings.

Recognition and measurement

All financial assets are recognised when the group becomes party to the contractual provisions of the instrument.

Non-derivative financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Non-derivative financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Impairment

A provision for impairment of financial assets is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement in operating expenses.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

2 Accounting policies (continued)

Derivatives and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates certain derivatives as either:

- (a) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (b) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability.

Hedge relationships are classified as fair value hedges where the financial instruments hedge the change in the fair value of a recognised financial asset or liability. The changes in fair value of the hedging instrument are recognised in the income statement. The hedged item is also adjusted for changes in fair value attributable to the hedged risk, with the corresponding adjustment made in the income statement.

To qualify for hedge accounting, the group documents, at the inception of the hedge, the hedging risk management strategy, the relationship between the hedging instrument and the hedged item or transaction and the nature of the risks being hedged. The group also documents the assessment of the effectiveness of the hedging relationship, to show that the hedge has been and will be effective on an ongoing basis.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as finance income or costs as they arise.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are detailed below.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The group has used discounted cash flow analysis for various foreign exchange contracts that are not traded in active markets. The fair value of these financial instruments is estimated by comparing the contracted forward exchange rate to the current market exchange rate and discounting the expected future cash flows to net present values using appropriate market rates prevailing at the reporting date.

The fair values of interest rate swaps are estimated using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of IFRS 13, the group incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

4 Other gains and losses

The analysis of the group's other gains and losses for the period is as follows:

	1 September 2015 to 31 December 2015 £
Gain (loss) from disposals of investments	<u>3,126,221</u>

5 Finance income and costs

	1 September 2015 to 31 December 2015 £
Finance income	
Interest income on bank deposits	21,962
Finance costs	
Foreign exchange losses	(358,099)
Other finance costs	<u>(36,669)</u>
Total finance costs	<u>(394,768)</u>
Net finance costs	<u>(372,806)</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

5 Finance income and costs (continued)

Other finance costs include £35,538 in respect of the amortisation of debt transaction costs.

6 Staff costs

The group had no employees during the period and had no payroll or other staff costs.

7 Directors' remuneration

None of the directors received any emoluments in respect of services to the company during the period.

8 Auditors' remuneration

	1 September 2015 to 31 December 2015 £
Audit of the financial statements	<u>55,000</u>

9 Income tax

Tax charged/(credited) in the income statement

	1 September 2015 to 31 December 2015 £
Current taxation	
Adjustments in respect of previous periods	(459)
Deferred taxation	
Origination and reversal of timing differences	(83,124)
Adjustments to the estimated recoverable amounts of deferred tax arising in previous periods	<u>2,600</u>
Total deferred taxation	<u>(80,524)</u>
Tax credit in the income statement	<u>(80,983)</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

9 Income tax (continued)

The tax credit for the period is lower than the standard rate of corporation tax in the UK of 20.25%.

The differences are reconciled below:

	1 September 2015 to 31 December 2015 £
Profit before tax	<u>2,691,870</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20.25%	545,104
Income not taxable	(633,060)
Impact of change in UK tax rate	10,032
Adjustments to tax charge in respect of previous periods	(459)
Adjustments to the estimated recoverable amounts of deferred tax arising in previous periods	<u>(2,600)</u>
Total tax credit	<u>(80,983)</u>

During 2015, the main rate of UK corporation tax was reduced from 21% to 20%. This was substantively enacted on 2 July 2013 and was effective from 1 April 2015 giving a corporate tax rate for the year ended 31 December 2015 of 20.25%.

Furthermore, the relevant deferred tax balances have been measured as a result of the change in the main rate of corporation tax which reduced to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. These rate reductions were substantively enacted prior to the date the company began to trade.

Deferred tax

Group

Deferred tax assets and liabilities

2015	Asset £	Liability £	Net deferred tax £
Accelerated tax depreciation	-	(205,976)	(205,976)
Other items	219,394	-	219,394
Fair value movements on financial instruments	987,057	(2,161,475)	(1,174,418)
Tax losses carry-forwards	126,578	-	126,578
	<u>1,333,029</u>	<u>(2,367,451)</u>	<u>(1,034,422)</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

9 Income tax (continued)

Aging of deferred tax balances:	Asset £	Liability £	Net deferred tax £
To be recovered after more than 12 months	773,867	(1,155,074)	(381,207)
To be recovered within 12 months	559,162	(1,212,377)	(653,215)
	<u>1,333,029</u>	<u>(2,367,451)</u>	<u>(1,034,422)</u>

Deferred tax movement during the period:

	At 1 September 2015 £	Recognised in income £	Recognised in other comprehensive income £	Recognised in equity £	At 31 December 2015 £
Accelerated tax depreciation	-	(205,976)	-	-	(205,976)
Other items	-	175,496	-	43,898	219,394
Fair value movements on financial instruments	-	(15,575)	(1,158,843)	-	(1,174,418)
Tax losses carry-forwards	-	126,578	-	-	126,578
Net tax assets/(liabilities)	<u>-</u>	<u>80,523</u>	<u>(1,158,843)</u>	<u>43,898</u>	<u>(1,034,422)</u>

Company

Deferred tax assets and liabilities

	Asset £
2015	
Other items	<u>3,600</u>

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

9 Income tax (continued)

Deferred tax movement during the period:

	At 1 September 2015 £	Recognised in income £	At 31 December 2015 £
Other items	-	3,600	3,600

10 Property, plant and equipment

Group

	Assets under construction £
Cost or valuation	
At 1 September 2015	-
Additions	43,961,416
At 31 December 2015	43,961,416
Accumulated depreciation	
At 1 September 2015	-
Charge for the period	-
At 31 December 2015	-
Carrying amount	
At 31 December 2015	43,961,416

The balance for assets under construction at 31 December 2015 relates to the Gallopier wind farm project. In accordance with the group's accounting policy wind farms are not depreciated until they become operational.

The cost of assets under construction at 31 December 2015 include capitalised interest of £1,144,309. Since all borrowings are made solely for the purpose of funding the construction of the Gallopier wind farm project all borrowing costs are deemed to be attributable to the cost of assets under construction.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

11 Intangible assets

Group

	Goodwill £	Other intangible assets £	Total £
Cost or valuation			
At 1 September 2015	-	-	-
Additions	<u>196,088</u>	<u>81,491,100</u>	<u>81,687,188</u>
At 31 December 2015	<u>196,088</u>	<u>81,491,100</u>	<u>81,687,188</u>
Accumulated amortisation			
At 1 September 2015	-	-	-
Amortisation charge	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 31 December 2015	<u>196,088</u>	<u>81,491,100</u>	<u>81,687,188</u>

Goodwill arose on the acquisition of the company's subsidiary, Galloper Wind Farm Limited, during 2015.

Other intangible assets relate to rights, licences and development costs incurred prior to the start of construction of the Galloper wind farm. These assets were transferred from the unincorporated joint venture that previously owned the project.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

12 Investments in subsidiaries, joint ventures and associates

Group subsidiaries

Details of the group subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group 2015
Galloper Wind Farm Limited*	Construction of the Galloper wind farm	England and Wales	100%

* indicates direct investment of the company

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

12 Investments in subsidiaries, joint ventures and associates (continued)

Summary of the company investments

	31 December 2015
	£
Investments in subsidiaries	92,478,936
Subsidiaries	£
Cost or valuation	
At 1 September 2015	-
Additions	157,078,940
Disposals	(64,600,004)
At 31 December 2015	92,478,936
Provision	
At 1 September 2015	-
Provision	-
At 31 December 2015	-
Carrying amount	
At 31 December 2015	92,478,936

On 29 October 2015 the company purchased the share capitals of RWE Innogy Gallopier 1 Limited, RWE Innogy Gallopier 2 Limited, SSE Renewables (Gallopier) No. 1 Limited and SSE Renewables (Gallopier) No. 2 Limited (collectively, the "SPVs") from RWE Innogy UK Limited for a total consideration of £64,600,000 which was satisfied by the issue of shares. Immediately after they were acquired the SPVs paid dividends to the company which have been treated as a return of capital and included in the total for disposals above.

On 30 October 2015 the company sold its investments in the SPVs to RWE Innogy UK Limited for a consideration of £32 which was equivalent to their net asset value at that date.

The balance for investments at 31 December 2015 relates to the company's wholly owned subsidiary, Gallopier Wind Farm Limited, which was acquired on 29 October 2015.

13 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the income statement or other comprehensive income depending on the applicable accounting standards. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

For each class of derivative instrument type the total fair value amounts at 31 December 2015 are as follows:

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

Group:	Assets	Liabilities	Total
	£	£	£
Interest rate swaps	-	(5,526,547)	(5,526,547)
Foreign exchange forward contracts	12,028,416	-	12,028,416
Total	<u>12,028,416</u>	<u>(5,526,547)</u>	<u>6,501,869</u>

The fair value of derivative financial instruments at 31 December 2015 are analysed as follows:

Group:	Assets	Liabilities	Total
	£	£	£
Current:			
Due within one year	6,807,120	(3,149,354)	3,657,766
Non-current:			
Due after one year	5,221,296	(2,377,193)	2,844,103
	<u>12,028,416</u>	<u>(5,526,547)</u>	<u>6,501,869</u>

The notional amounts of derivatives outstanding at 31 December 2015 are as follows:

Group:	Currency	Notional amount
Forward foreign exchange contracts	Euro	458,087,761
	Danish Krone	2,419,379,297
Interest rate swaps	UK pounds	103,782,739

Exposure arises from the variability in future interest cash flows on liabilities which bear interest at variable rates. Interest rate swaps are maintained, and designated as cash flow hedges, where they qualify, to manage this exposure. Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity and any ineffective portion is recognised immediately in the income statement. Amounts are transferred from equity and recognised in the income statement or capitalised as the income or expense is recognised on the hedged item.

Forward foreign currency contracts are used to hedge anticipated and committed future currency cash flows. Where these contracts qualify for hedge accounting they are designated as cash flow hedges. On recognition of the underlying transaction in the financial statements, the associated hedge gains and losses, deferred in equity, are transferred and included with the recognition of the underlying transaction.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

14 Trade and other receivables

	Group 31 December 2015 £	Company 31 December 2015 £
Trade receivables	15,870,000	-
Receivables from related parties	898,256	28,310,266
Prepayments	102,069,613	-
Other receivables	21,394,177	-
	<u>140,232,046</u>	<u>28,310,266</u>
Less non-current portion	<u>-</u>	<u>(28,310,266)</u>
Total current trade and other receivables	<u><u>140,232,046</u></u>	<u><u>-</u></u>

Details of non-current trade and other receivables

Company

£28,310,266 of the balance due from related parties is classified as non current. This balance relates to a loan to the company's subsidiary which is repayable by instalments between 2019 and 2033.

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 23 "Financial instruments".

The group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 24 "Financial risk management and impairment of financial assets".

15 Cash and cash equivalents

	Group 31 December 2015 £	Company 31 December 2015 £
Cash at bank	<u>3,027,894</u>	<u>16</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

16 Share capital

Allotted, called up and fully paid shares

	31 December 2015	
	No.	£
Share capital of £0.01 each	<u>92,479,724</u>	<u>924,797</u>

On incorporation the company issued 1 ordinary share of £1. A further 7 £1 ordinary shares were allotted at par on 10 September 2015.

On 28 October 2015 all of the issued shares were divided into 800 ordinary shares of £0.01 each.

On 29 October 2015 the company issued 64,600,000 ordinary shares as consideration for the acquisition of the 4 SPV entities which owned the Galloper wind farm project.

On 29 October 2015 the company issued a further 27,670,928 ordinary shares for an aggregate cash consideration of £27,670,928.

On 2 December 2015 the company issued a further 207,996 ordinary shares for an aggregate cash consideration of £207,996.

17 Share premium

	Group and Company 2015 £
At 1 September	-
Premium arising on the issue of equity shares	56,092,446
At 31 December	<u><u>56,092,446</u></u>

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

18 Cash flow hedging reserve

	Group 2015 £
At 1 September	-
Gain/(loss) recognised on cash flow hedges	
- Foreign exchange forward contracts	11,921,668
- Interest rate swaps	(5,483,651)
Income tax related to gains/(losses) recognised in other comprehensive income	(1,158,843)
At 31 December	<u>5,279,174</u>

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective for cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

19 Other Reserves

Group	Merger reserve	Non-distributable reserve	Total
	£	£	£
At 1 September	-	-	-
Arising on share for share exchange	35,461,689	-	35,461,689
Arising on purchase of assets and liabilities of the project	-	(68,574,361)	(68,574,361)
At 31 December	<u>35,461,689</u>	<u>(68,574,361)</u>	<u>(33,112,672)</u>

Details of the merger reserve are given below in the note regarding the reserves of the company.

During 2015 the company's subsidiary acquired the assets and liabilities of the entities through which the previous joint venture partners owned the Gallopier wind farm project. The group has adopted predecessor accounting for this transaction and has recorded the assets and liabilities acquired at their predecessor carrying amounts. The difference between the carrying amounts of the net assets acquired and the consideration given has been recognised as a non-distributable reserve.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

19 Other Reserves (continued)

Company

	2015
	£
At 1 September	-
Arising on the acquisition of the Gallopier wind farm project	35,461,689
At 31 December	<u>35,461,689</u>

On 29 October 2015 the company acquired the 4 entities through which the joint venture partners owned the Gallopier wind farm project. The consideration for this was satisfied by the issue of 64,600,000 ordinary shares of the company. As this transaction constitutes a 'share for share exchange', the company has applied section 611 of Companies Act 2006 ("group reconstruction relief"). Group reconstruction relief is an optional relief that allows a company to record minimal share premium. This 'minimum premium' is equal to the difference between the aggregate value of the nominal share capital issued and the cost of investment recorded in the original parent. The share premium on the consideration shares above the minimum premium has been allocated to the merger reserve.

	£
Consideration	64,600,000
Nominal value of shares issued	646,000
Premium arising	<u>63,954,000</u>
Minimum premium per permitted by s611 Companies Act 2006	28,492,311
Allocated to merger reserve	<u>35,461,689</u>

20 Loans and borrowings

	Group 31 December 2015 £	Company 31 December 2015 £
Non-current loans and borrowings		
Bank borrowings	161,404,441	-
Amounts due to related parties	<u>28,310,258</u>	<u>28,310,258</u>
	<u>189,714,699</u>	<u>28,310,258</u>
	Group 31 December 2015 £	Company 31 December 2015 £
Current loans and borrowings		
Bank borrowings	<u>28,320,433</u>	<u>-</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

20 Loans and borrowings (continued)

Group

Bank borrowings

Secured bank debt is denominated in UK pounds with a nominal interest rate based on a fixed margin over LIBOR, and is repayable in instalments with the final instalment due on 30 June 2033. The carrying amount at period end is £189,498,475.

The bank loans are secured by a charge over all of the assets of Galloper Wind Farm Limited.

Company

Other borrowings

The company has received an unsecured loan from its shareholders. This loan carries interest at a fixed rate and is repayable in instalments between 2019 and 2023.

The loans and borrowings classified as financial instruments are disclosed in note 23 "Financial instruments".

The group's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in note 24 "Financial risk management and impairment of financial assets".

21 Trade and other payables

	Group	Company
	31 December	31 December
	2015	2015
	£	£
Trade payables	367,020	-
Accrued expenses	27,136,434	-
Amounts due to related parties	7,000	-
	<u>27,510,454</u>	<u>-</u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 24 "Financial risk management and impairment of financial assets - company".

22 Commitments

Group

Capital commitments

The group has entered into contracts for the supply and installation of the wind turbines, cabling, substations and other equipment for the Galloper wind farm project. The total amount contracted for but not provided in the financial statements was £769,241,000.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

22 Commitments (continued)

Other financial commitments

The group has entered into land related arrangements and contracts for equipment maintenance and other services for the Gallopier wind farm. The group's obligations under certain of these contracts have been guaranteed by letters of credit with a face value of £116,773,788 issued by the group's lenders.

The total amount of other financial commitments not provided in the financial statements was £116,773,788.

23 Financial instruments

Group

Financial assets

Loans and receivables

	Carrying value 31 December 2015 £	Fair value 31 December 2015 £
Cash and cash equivalents	3,027,894	3,027,894
Trade and other receivables	140,232,046	140,232,046
	<u>143,259,940</u>	<u>143,259,940</u>

Valuation methods and assumptions

Loans and receivables:

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a Level 2 valuation method.

The fair value of these assets approximates to the carrying amount because of the short maturity of these instruments.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value 31 December 2015 £	Fair value 31 December 2015 £
Borrowings	<u>218,035,132</u>	<u>218,035,132</u>

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

23 Financial instruments (continued)

Description of instruments

Trade and other payables: Trade and other payables comprise amounts due to suppliers and accruals.

Borrowings: Borrowings comprise bank loans and loans from shareholders.

Valuation methods and assumptions

Financial liabilities at amortised cost

The fair value of trade and other payables and the current portion of borrowings equal their carrying amount as the impact of discounting is not significant. All financial liabilities carried at fair value have been measured by a Level 2 valuation method.

Company

Financial assets

Loans and receivables

	Carrying value 31 December 2015 £	Fair value 31 December 2015 £
Cash and cash equivalents	16	16
Trade and other receivables	28,310,266	28,310,266
	<u>28,310,282</u>	<u>28,310,282</u>

Valuation methods and assumptions

Loans and receivables:

The valuation methods used are the same as those described above used for evaluating the group position.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value 31 December 2015 £	Fair value 31 December 2015 £
Borrowings	<u>28,310,258</u>	<u>28,310,258</u>

Valuation methods and assumptions

Financial liabilities at amortised cost

The fair value of trade and other payables and the current portion of borrowings equal their carrying amount as the impact of discounting is not significant. All financial liabilities carried at fair value have been measured by a Level 2 valuation method.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets

Group

Credit risk and impairment

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's cash deposits and receivables from third parties. The group's exposure to credit risk is influenced mainly by the individual characteristics of each balance. Where appropriate, letters of credit are used to mitigate the credit risk from customers.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and the group has policies that limit the amount of credit exposure to any one financial institution.

Loans and receivables credit risk exposure and management

2015	Maximum amount of exposure £	Provision for doubtful debt £	Carrying value £
Cash and cash equivalents	3,027,894	-	3,027,894
Trade and other receivables	140,232,046	-	140,232,046
	<u>143,259,940</u>	<u>-</u>	<u>143,259,940</u>

Concentrations of credit risk

Trade and other receivables at 31 December 2015 includes advance payments of £102,069,000 made by the group to manufacturers of equipment for the Gallopier wind farm.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's income or the value of its holdings of financial instruments.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets (continued)

Foreign exchange risk

The group sources equipment and services internationally and is exposed to foreign exchange risk arising from the resulting currency exposures, primarily with respect to the Euro and the Danish Krone. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Derivative instruments, primarily forward contracts are used to hedge the risk to changes in exchange rates with the objective of controlling market risk exposures within acceptable parameters, while optimising the return. Derivative financial instruments are only used for hedging purposes.

Exposure to foreign exchange rate market risk has arisen as the group agreed contracts during the period for the purchase of equipment and services relating to the Galloper wind farm project. The increased risk has been mitigated by the use of derivative instruments.

The group has a significant transaction exposure with increasing purchases from its suppliers in Europe, which will be paid for in Euro or Danish Krone. The group also holds cash in foreign currency bank accounts.

Sensitivity analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the company's financial instruments and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include cash and cash equivalents and derivative financial instruments. The sensitivity analysis relates to the position as at 31 December 2015.

When preparing the sensitivity analysis below it has been assumed that foreign exchange rate and interest rate sensitivities have an asymmetric impact on the group's results, that is, an increase in rates does not result in the same amount of movement as a decrease in rates.

If exchange rates had been 10% higher, and all other variables were held constant, the group's result for the period ended 31 December 2015 would decrease by £211,271.

If exchange rates had been 10% lower, and all other variables were held constant, the group's result for the year ended 31 December 2015 would increase by £258,220.

Since all of the group's foreign currency forward contracts are in cash flow hedging relationships all of the movement in the value of those financial assets and liabilities caused by a change in the exchange rates assumed at 31 December 2015 would be taken to other comprehensive income ("OCI") as follows:

- an increase in exchange rates at 31 December 2015 by 10% would have caused an increase in OCI of £12,675,297;
- a decrease in exchange rates at 31 December 2015 by 10% would have caused a decrease in OCI of £4,739,248.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets (continued)

Interest rate risk

The group has a significant transaction exposure to increasing interest rates as interest on its bank borrowings is charged at a fixed margin over LIBOR.

Derivative instruments, primarily interest rate swaps, are used by the group to hedge its risk to changes in interest rates with the objective of controlling market risk exposures within acceptable parameters, while optimising the return. Derivative financial instruments are only used for hedging purposes.

The group's exposure to interest rate movements relates to its bank borrowings and loans from shareholders because interest on these borrowings is payable by reference to LIBOR.

Sensitivity to interest rate movements has increased as the group made draw downs from its loan facilities during the period to fund the construction of the Galloper wind farm project and the use of interest rate swaps.

Sensitivity analysis

Movements in interest rates will not have any impact on the group's profit or loss as all interest expense is capitalised during the construction of the wind farm project.

Since all of the group's interest rate swaps are in cash flow hedging relationships all of the movement in the value of financial assets and liabilities caused by a change in the interest rate assumed at 31 December 2015 would be taken to other comprehensive income ("OCI") as follows:

-an increase in interest rates at 31 December 2015 by 0.25% would have caused an increase in OCI of £18,417,537;

- a decrease in interest rates at 31 December 2015 by 0.25% would have caused a decrease in OCI of £19,068,468.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities where due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom available under the group's available facilities is monitored as part of the group's planning process.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets (continued)

Maturity analysis

The table below analyses the undiscounted cash flows related to the company's non-derivative financial liabilities and derivative financial liabilities:

2015	Within 1 year £	Between 1 and 5 years £	After more than 5 years £	Total £
Non-derivative financial liabilities				
Trade and other payables	27,510,454	-	-	27,510,454
Bank borrowings	28,233,138	12,234,809	152,377,004	192,844,951
Other borrowings	-	13,766,613	14,112,311	27,878,924
Interest on borrowings	7,413,311	23,913,713	20,928,266	52,255,290
	<u>63,156,903</u>	<u>49,915,135</u>	<u>187,417,581</u>	<u>300,489,619</u>
Derivative financial liabilities				
Derivatives related to borrowings - net settled	3,577,444	51,989,709	89,845,942	145,413,095
	<u>3,577,444</u>	<u>51,989,709</u>	<u>89,845,942</u>	<u>145,413,095</u>
Total	<u>66,734,347</u>	<u>101,904,844</u>	<u>277,263,523</u>	<u>445,902,714</u>

Capital risk management

Capital components

The capital structure of the group consists of net debt (borrowings after deducting cash and bank balances) and equity (share capital, reserves and retained earnings) as follows:

	2015 £
Loans and borrowings	218,035,132
Cash and cash equivalents	3,027,894
Net debt	<u>215,007,238</u>
Equity	28,830,405
Total capital	<u>243,837,643</u>

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets (continued)

Externally imposed capital requirements

Part of the group's capital risk management is to ensure compliance with the general covenants and financial covenants included in the group's various borrowing facilities. There have been no breaches of covenant in the period ended 31 December 2015.

Capital management

The group's objectives when managing capital are to ensure it will continue as a going concern in order to maximise the income and capital return to its shareholders through an appropriate level of gearing.

Company

Credit risk and impairment

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's cash deposits and receivables from third parties. The company's exposure to credit risk is influenced mainly by the individual characteristics of each balance.

The principal credit exposure faced by the company is the risk that its subsidiary could not repay the loan made to it.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments.

Foreign exchange risk

The company does not have any income, expenses, assets or liabilities denominated in foreign currencies and so does not have any foreign exchange risk.

Sensitivity analysis

A sensitivity analysis has not been prepared as the company did not have any balances denominated in foreign currencies at 31 December 2015.

Interest rate risk

The company does not have a transaction exposure to changing interest rates as interest on its borrowings from shareholders and loan to subsidiary are charged at a fixed rate.

Sensitivity analysis

The company's borrowings from shareholders are matched by a loan to its subsidiary. Interest on both of these balances is based on a fixed rate and so any change in market interest rates would not have an impact on the company's profit or loss.

Galloper Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

24 Financial risk management and impairment of financial assets (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities where due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom available under the company's available facilities is monitored as part of the company's planning process.

Maturity analysis

	Between 1 and 5 years	After more than 5 years	Total
2015	£	£	£
Other borrowings	<u>13,766,613</u>	<u>14,112,311</u>	<u>27,878,924</u>

25 Related party transactions

Summary of transactions with other related parties

On 29 October 2015 the company purchased the share capitals of RWE Innogy Galloper 1 Limited, RWE Innogy Galloper 2 Limited, SSE Renewables (Galloper) No. 1 Limited and SSE Renewables (Galloper) No. 2 Limited ("SPVs") from RWE Innogy UK Limited for a total consideration of £64,600,000.

On 30 October 2015 the company sold its investments in the SPVs to RWE Innogy UK Limited for a consideration of £32 which was equivalent to their net asset value at that date.

Loans to related parties

	Subsidiary
2015	£
Advanced	27,878,924
Interest charged	<u>431,334</u>
At end of period	<u>28,310,258</u>

Terms of loans to related parties

The company has provided loans to its subsidiary, Galloper Wind Farm Limited, on which interest is charged at a fixed rate. The loans are repayable in instalments between 2019 and 2023.

Gallopier Wind Farm Holding Company Limited

Notes to the Financial Statements for the Period from 1 September 2015 to 31 December 2015 (continued)

25 Related party transactions (continued)

Loans from related parties

	Other related parties £
2015	
Advanced	27,878,924
Interest charged	431,334
At end of period	<u>28,310,258</u>

Terms of loans from related parties

The company's shareholders have provided loans to the company on which interest is charged at a fixed rate. The loans are repayable in instalments between 2019 and 2023.

26 Parent and ultimate parent undertaking

The company does not have an immediate parent company since at 31 December 2015 it is owned by 4 legal entities that are part of a joint venture, with the following shareholdings:

Shareholder	Holding	Ultimate Parent of the shareholder
Aldeburgh Offshore Wind Investments Limited	25%	Macquarie Limited, incorporated in Australia
RWE Innogy UK Limited	25%	RWE AG, incorporated in Germany
Siemens Project Ventures GmbH	25%	Siemens AG, incorporated in Germany
UK Green Investment Gallopier Limited	25%	UK Green Investment Bank plc, incorporated in Scotland

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