

# **SSE Beatrice Offshore Windfarm Holdings Limited**

Directors report and financial statements

**Year ended 31 March 2016**

*Registered No.: SC436255*

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# SSE Beatrice Offshore Windfarm Holdings Limited

## Contents

|   | Page No. |
|---|----------|
| Directors and other information   | 1        |
| Directors' report   | 2        |
| Statement of directors' responsibilities in respect of the directors' report and the financial statements | 4        |
| Independent auditor's report to the members   | 5        |
| Profit and loss account   | 6        |
| Balance sheet   | 7        |
| Statement of changes in equity  | 8        |
| Notes on the financial statements   | 9        |

# **SSE Beatrice Offshore Windfarm Holdings Limited**

## **Directors and Other Information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Paul Cooley<br>Finlay McCutcheon  |
| <b>Registered office</b> | Inveralmond House<br>200 Dunkeld Road<br>Perth<br>PH1 3AQ<br>Scotland           |
| <b>Secretary</b>         | Sally Fairbairn   |
| <b>Auditor</b>           | KPMG LLP<br>Chartered Accountants<br>319 St Vincent Street<br>Glasgow<br>G2 5AS |
| <b>Registered number</b> | SC436255  |

# SSE Beatrice Offshore Windfarm Holdings Limited

## Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

The directors have also taken advantage of the exemption from preparing a Strategic report available under section 414b of Companies Act 2006.

### 1 Principal activities

The company was incorporated on 6 November 2012. The company is a holding company for the purposes of holding shares in Beatrice Offshore Windfarm Limited. On 21 January 2016, the company sold a 10% share in Beatrice Offshore Windfarm Limited to CI Beatrice I Limited and CI Beatrice II Limited split equally between the two entities.

The company's immediate parent undertaking is SSE Renewables Offshore Windfarm Holdings Limited, registered in Scotland. The company is a wholly owned subsidiary of SSE plc.

### 2 Principal risks and uncertainties

The principal risk facing the company is the recovery of its investment in Beatrice Offshore Windfarm Limited. To mitigate these risks, the directors will continue to monitor the performance and financial status of the investment in Beatrice Offshore Windfarm Limited on an ongoing basis.

The company is aware of the political uncertainty following the referendum held on 23 June 2016 where the UK voted to leave the European Union. This is being closely monitored by the company but is not considered to have a significant impact on the accounts for the year ended 31 March 2016.

### 3 Results and dividends

The profit and loss account for the year ended 31 March 2016 is set out on page 6. The loss for the year after taxation amounted to £2.2m (2015: profit of £5.3m). The balance sheet at 31 March 2016 is set out on page 7 and indicates net assets of £3.1m (2015: net assets of £5.3m).

### 4 Directors

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the company the directors are not required to retire by rotation.

### 5 Political and charitable donations

The company did not make any political or charitable donations during the year (2015: £nil).

### 6 Post balance sheet events

In May 2016 the Beatrice Offshore Windfarm Limited project reached Financial Close, being the point at which all finance required to fund the project is committed and all hedges are in place. Amounts of £78,992,177 due to the company from Beatrice Offshore Windfarm Limited as at 31 March 2016 have since been repaid.

As a result of the project reaching Financial Close, the entire balance due from CI Beatrice Limited and CI Beatrice II Limited as at 31 March 2016 was also repaid.

Financial Close of the project resulted in a change of the ownership structure of Beatrice Offshore Windfarm Limited. In February 2016 Beatrice Offshore Windfarm Holdco Limited was incorporated as a holding company with the purpose of holding 100% of the share capital in Beatrice Offshore Windfarm Limited and being owned by the existing shareholders of Beatrice Offshore Windfarm Limited. In April 2016 the 40% share capital held in Beatrice Offshore Windfarm Limited by the company was transferred to Beatrice Offshore Windfarm Holdco Limited and the company was prescribed 40% of the share capital in Beatrice Offshore Windfarm Holdco Limited. All loan notes pertaining to the company; and associated amounts due from Beatrice Offshore Windfarm Limited were novated such that any loan principal and accrued loan interest due to the company was now due from Beatrice Offshore Windfarm Holdco Limited.

# SSE Beatrice Offshore Windfarm Holdings Limited

## Directors' Report (*continued*)

### 6 Post balance sheet events (*continued*)

Following Financial Close, 100% of the share capital in Beatrice Offshore Windfarm Limited was transferred to The Bank of Tokyo-Mitsubishi UFJ Limited, pursuant to a shares pledge granted by Beatrice Offshore Windfarm Holdco Limited in favour of The Bank of Tokyo-Mitsubishi UFJ Limited. Although the shares are legally transferred and any search at Companies House would show The Bank of Tokyo-Mitsubishi UFJ Limited as the shareholder of Beatrice Offshore Windfarm Limited, the beneficial interest in the shares remains with Beatrice Offshore Windfarm Holdco Limited. The legal transfer of shares under a shares pledge is made in security only. All the rights and powers attached to the shares remain with Beatrice Offshore Windfarm Holdco Limited – until an event of default has occurred and is continuing and an enforcement notice has been made by The Bank of Tokyo-Mitsubishi UFJ Limited to Beatrice Offshore Windfarm Holdco Limited.

### 7 Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### 8 Going concern

The directors have assessed that the company will prepare its financial statements on a going concern basis, see note 1 for details.

### 9 Auditor

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

On behalf of the Board:



Finlay McCutcheon  
Director  
14 December 2016

# SSE Beatrice Offshore Windfarm Holdings Limited

## Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board:



Finlay McCutcheon  
Director  
14 December 2016

## Independent Auditor's Report to the Members of SSE Beatrice Offshore Windfarm Holdings Limited

We have audited the financial statements of SSE Beatrice Offshore Windfarm Holdings Limited for the year ended 31 March 2016 as set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

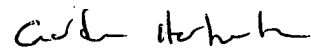
### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to take advantage of the small companies exemption from the requirements to prepare a strategic report; or
- we have not received all the information and explanations we require for our audit.

  
**Gordon Herbertson (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
319 St Vincent Street  
Glasgow  
G2 5AS

16 December 2016

# SSE Beatrice Offshore Windfarm Holdings Limited

## Profit and Loss Account for the year ended 31 March 2016

|   | Note | 2016<br>£000   | 2015<br>£000 |
|---|------|----------------|--------------|
| Administrative costs  |      | -              | (4)          |
| <b>Operating profit/(loss)</b>                              |      | <b>-</b>       | <b>(4)</b>   |
| Exceptional items   | 3    | (2,208)        | 5,299        |
| <b>(Loss)/profit on ordinary activities before taxation</b> |      | <b>(2,208)</b> | <b>5,295</b> |
| Tax on (loss)/profit on ordinary activities                 | 5    | -              | 1            |
| <b>(Loss)/profit for the financial year</b>                 |      | <b>(2,208)</b> | <b>5,296</b> |

### Continuing operations

The above results are derived from continuing activities.

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

### Total other comprehensive income

The company had no other comprehensive income in the current or prior financial years.



# SSE Beatrice Offshore Windfarm Holdings Limited

## Balance Sheet as at 31 March 2016

|   | Note | 2016<br>£000  | 2015<br>£000  |
|---|------|---------------|---------------|
| <b>Fixed assets</b>                                   |      |               |               |
| Investments   | 6    | 15            | 19            |
|   |      | <u>15</u>     | <u>19</u>     |
| <b>Current assets</b>                                 |      |               |               |
| Debtors:  |      |               |               |
| amounts falling due within one year                   | 7    | 89,260        | 33,100        |
| <b>Total current assets</b>                           |      | <u>89,260</u> | <u>33,100</u> |
| <b>Current liabilities</b>                            |      |               |               |
| <b>Creditors:</b> amounts falling due within one year | 8    | (86,168)      | (27,804)      |
|   |      | <u>3,092</u>  | <u>5,296</u>  |
| <b>Net current assets</b>                             |      |               |               |
|   |      | <u>3,107</u>  | <u>5,315</u>  |
| <b>Total assets less current liabilities</b>          |      |               |               |
|   |      | <u>3,107</u>  | <u>5,315</u>  |
| <b>Net assets</b>                                     |      |               |               |
|   |      | <u>3,107</u>  | <u>5,315</u>  |
| <b>Capital and reserves</b>                           |      |               |               |
| Share premium account                                 |      | 19            | 19            |
| Profit and loss account                               |      | 3,088         | 5,296         |
|   |      | <u>3,107</u>  | <u>5,315</u>  |
| <b>Equity Shareholders' funds</b>                     |      |               |               |
|   |      | <u>3,107</u>  | <u>5,315</u>  |

These financial statements were approved by the Directors on 14 December 2016 and signed on their behalf by:



Finlay McCutcheon  
Director  
Company registered number: SC436255

# SSE Beatrice Offshore Windfarm Holdings Limited

## Statement of Changes in Equity for the year ended 31 March 2016

|                               | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Retained<br>earnings<br>£000 | Total equity<br>£000 |
|-------------------------------|--------------------------|--------------------------|------------------------------|----------------------|
| Balance at 1 April 2014       | -                        | 19                       | -                            | 19                   |
| Profit for the financial year | -                        | -                        | 5,296                        | 5,296                |
| Balance at 31 March 2015      | -                        | 19                       | 5,296                        | 5,315                |
| Balance at 1 April 2015       | -                        | 19                       | 5,296                        | 5,315                |
| Profit for the financial year | -                        | -                        | (2,208)                      | (2,208)              |
| Balance at 31 March 2016      | -                        | 19                       | 3,088                        | 3,107                |

# SSE Beatrice Offshore Windfarm Holdings Limited

## Notes on the Financial statements for the year ended 31 March 2016

### 1 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Related party disclosures;
- Comparative period reconciliations for fixed assets investment; and
- Disclosures in respect of capital management.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Consolidated accounts

The company is a subsidiary of SSE plc and the financial statements of the company are consolidated with the consolidated financial statements of that company. Consolidated accounts have not been prepared as the company is availing of the exemption whereby, as a wholly owned subsidiary of an entity which prepares consolidated accounts, it is not required to prepare consolidated accounts.

#### Investments

Fixed asset investments are stated at cost less any provision for impairment.

# SSE Beatrice Offshore Windfarm Holdings Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 1 Significant accounting policies *(continued)*

#### Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying temporary differences can be deducted.

#### Going concern

The company has net current assets and is dependent on ongoing financial support from a fellow group company. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the company for the foreseeable future.

The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting liabilities as they fall due for payment.

### 2 Expenses and auditor's remuneration

The audit fee in the year and the previous year was borne by the Parent company, £nil of this was in relation to the audit of SSE Beatrice Offshore Windfarm Holdings Limited (2015: £nil).

### 3 Exceptional items

|                       | 2016<br>£000   | 2015<br>£000 |
|-----------------------|----------------|--------------|
| (Loss)/Profit on sale | (2,208)        | 5,299        |
|                       | <u>(2,208)</u> | <u>5,299</u> |

Profit on sale in the prior year relates to the sale of a 25% stake in Beatrice Offshore Windfarm Limited to CI Beatrice I Limited and CI Beatrice II Limited split equally between the two entities.

Loss on sale in the current year relates to the sale of a 10% stake in Beatrice Offshore Windfarm Limited to CI Beatrice I Limited and CI Beatrice II Limited split equally between the two entities.

### 4 Staff costs and numbers

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2016 (2015: £nil).

No staff are directly employed by the Company.

The auditor's remuneration has been borne by another group company in the current and prior year.

# SSE Beatrice Offshore Windfarm Holdings Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 5 Taxation

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| UK corporation tax                                       |              |              |
| Current tax on income for the period                     | -            | (1)          |
| <b>Total tax on (loss)/profit on ordinary activities</b> | <b>-</b>     | <b>(1)</b>   |

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| (Loss)/profit before taxation  | (2,208)      | 5,295        |
| Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%) | (441)        | 1,112        |
| Effects of:  |              |              |
| Expenses not deductible for tax purposes   | 441          | -            |
| Non taxable income   | -            | (1,113)      |
| <b>Total tax charge/(credit) for year</b>  | <b>-</b>     | <b>(1)</b>   |

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

### 6 Fixed asset investments

|                         | Investment in<br>joint ventures<br>£000 | Total<br>£000 |
|-------------------------|---|---------------|
| Cost                    |   |               |
| At 1 April 2015         | 19                                      | 19            |
| Disposals               | (4)                                     | (4)           |
| <b>At 31 March 2016</b> | <b>15</b>                               | <b>15</b>     |
| Net book value          |   |               |
| <b>At 31 March 2016</b> | <b>15</b>                               | <b>15</b>     |
| At 31 March 2015        | 19                                      | 19            |

As at 31 March 2016 the company held a 40% shareholding (2015: 50%) in Beatrice Offshore Windfarm Limited.

Beatrice Offshore Windfarm Limited has a registered office at Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ, Scotland. The investment in this joint venture represents an investment in share capital. The net liabilities of Beatrice Offshore Windfarm Limited at 31 March 2016 amounted to £5,000 (year ended 31 March 2015: net liabilities of £1,000). The company made a loss of £4,000 during the year ended 31 March 2016 (year ended 31 March 2015: profit of £nil).

# SSE Beatrice Offshore Windfarm Holdings Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 6 Fixed asset investments *(continued)*

The disposal in the year relates to the sale of a 10% stake in Beatrice Offshore Windfarm Limited for consideration of £6.4m. The sale was split equally between CI Beatrice I Limited and CI Beatrice II Limited. In exchange for the consideration of £6.4m received in the year, the company sold 20% of its shareholding in Beatrice Offshore Windfarm Limited, 20% of the loans provided to Beatrice Offshore Windfarm Limited and the accrued interest on the loans sold. The value of the loans and accrued interest sold was £8.3m. After the balance sheet date a payment of £32.8m was received. This included monies due in relation to the disposal in the year (£22.3m), and also in relation to the sale of a 25% stake in Beatrice Offshore Windfarm Holdings Limited in the prior year (£10.5m) to the same counterparties.

Beatrice Offshore Windfarm Limited has an accounting period ending on 31 March.

The directors have reviewed the recoverability of the carrying value of the investment at the 31 March 2016 and are satisfied that the carrying amount is not less than the recoverable amount.

### 7 Debtors

|   | 2016<br>£000  | 2015<br>£000  |
|---|---------------|---------------|
| Amounts falling due within one year:      |               |               |
| Corporation tax - group relief receivable | -             | 1             |
| Amounts due from related party            | 78,992        | 22,831        |
| Other debtors                             | 10,268        | 10,268        |
|   | <b>89,260</b> | <b>33,100</b> |

Amounts due from related party are amounts due from Beatrice Offshore Windfarm Limited in relation to shareholder loans. Of the total loan amount, £77,181,041 (2015: £22,494,803) is principal and £1,811,136 (2015: £336,013) is interest bearing. Interest charged on the loan during the year was charged at 6% (2015: 6%).

Other debtors is due in equal amounts from CI Beatrice I Limited and CI Beatrice II Limited.

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

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 86,168        | 27,804        |
|                                    | <b>86,168</b> | <b>27,804</b> |

### 9 Share capital

|                                     | 2016<br>£  | 2015<br>£  |
|-------------------------------------|------------|------------|
| Equity:                             |            |            |
| Allotted, called up and fully paid: |            |            |
| 101 ordinary shares of £1.00 each   | 101        | 101        |
|                                     | <b>101</b> | <b>101</b> |

# **SSE Beatrice Offshore Windfarm Holdings Limited**

## **Notes on the Financial statements *(continued)* for the year ended 31 March 2016**

### **10 Ultimate parent company**

The Company is a subsidiary of SSE plc, which is the ultimate parent company and is registered in Scotland. The largest and smallest Group in which the results of the Company are consolidated is that headed by SSE plc. The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at [www.sse.com](http://www.sse.com).

### **11 Explanation of transition to FRS 101 from Adopted old UK GAAP**

As stated in note 1, the Company's financial statements are now prepared in accordance with FRS 101:

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 101 balance sheet, no transitional adjustments were required.