

# Greater Gabbard Offshore Winds Limited

Directors' report and  
financial statements

**Year ended 31 March 2011**

*Registered number 4985731*

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# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Directors' report and financial statements

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# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Directors and other information

<b>Directors</b>	P Coffey P. R. Sharman J I Smith
<b>Secretary</b>	S J C Bailey
<b>Registered office</b>	55 Vastern Road, Reading Berkshire RG18BU
<b>Bankers</b>	Barclays Bank plc 5 The North Colonnade Canary Wharf London E14 4BB  NatWest 13 Market Place Reading RG1 2EG
<b>Solicitors</b>	Linklaters LLP One Silk Street London EC2Y 8HQ  Nabarro LLP Lacon House, 84 Theobald's Road London WC1X 8RW
<b>Auditor</b>	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2011

### **Principal activity, business review (including principal risks and uncertainties) and future developments**

The company is engaged in the construction and operation of a 500MW offshore wind farm at the Inner Gabbard and Galloper sites, off the coast of Suffolk. The company is a joint venture of SSE Renewables Holdings (UK) Limited and RWE Npower Renewables Limited.

First power was generated by the wind farm during the year, power purchase agreements were signed on 21 December 2010 between the company, SSE Energy Supply Limited and RWE Npower Renewables Limited for the off-take of energy produced. Construction works are currently ongoing at the wind farm and as at the year end 100 out of 140 wind turbine generators were erected

The principal risks facing the company are construction cost overruns for the wind farm and failure to complete the project on time. To mitigate these risks, the directors of the company put in place fixed price contracts for the construction of the wind farm and the company's policy is to use forward contracts to manage the exposure to foreign exchange risks from those contracts. Currently Greater Gabbard Offshore Winds Limited remains on track for its scheduled completion date of 2012 and the advanced stage of the build has reduced the level of construction risk associated with the project

The company is in a contractual dispute with Fluor Limited, the principal contractor for the wind farm, relating to the need for assurance of the quality of potentially up to 52 of the turbine foundations. The company expects this matter to be resolved satisfactorily, as part of the normal contractual process. The Directors are confident that the company has taken steps to minimise exposure and that all matters are appropriately provided for as at 31 March 2011

### **Results and dividends**

The profit for the year, after taxation amounted to £67,544,000 (*profit for the year ended 31 March 2010 £76,000*). The balance sheet at 31 March 2011 is set out on page 10 and indicates net assets of £67,578,000 (*2010 net assets of £34,000*). No dividends or transfers to reserves are proposed by the directors

### **Directors and secretary**

The following director has resigned from office

<b>Director</b>	<b>Resignation date</b>
C W Hood	21 October 2011

The following directors were appointed to office during the year ended 31 March 2011

<b>Director</b>	<b>Appointment date</b>
Paul Coffey	06 May 2010
Peter R Sharman	06 May 2010

Lawrence J V Donnelly resigned as secretary on 06 May 2010 and was succeeded by Simon J C Bailey who was appointed as and from that date

# Greater Gabbard Offshore Winds Limited

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## Directors' report *(continued)*

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.

### Going concern

Having made enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the company as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Scottish and Southern Energy plc and RWE Npower Renewables Limited have confirmed that they will not seek repayment of their portion of the outstanding balance within 12 months.

### Post balance sheet events

There have been no significant events since the balance sheet date.

### Political and charitable donations

The company did not make any political or charitable donations during the year.

### 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.

### Auditor

In accordance with Section 487 of the Companies Act, 2006, the auditor, KPMG, Chartered Accountants, will be deemed to be reappointed and therefore will continue in office.

On behalf of the board



Jim Smith  
Director



Peter Sharman  
Director

22 December 2011

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

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

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

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

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 and 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 its 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



Jim Smith  
Director



Peter Sharman  
Director

## **Independent auditor's report to the members of Greater Gabbard Offshore Winds Limited**

We have audited the financial statements of Greater Gabbard Offshore Winds Limited for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors**

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 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)



**Independent auditor's report to the members of Greater Gabbard Offshore  
Winds Limited (*continued*)**

**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 2011 and of its profit 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
- we have not received all the information and explanations we require for our audit.

**C. Mullen (Senior Statutory Auditor)**  
**For and behalf of KPMG, Statutory Auditor**  
**Chartered Accountants**  
*1 Stokes Place*  
*St Stephen's Green*  
*Dublin 2*  
*Ireland*

22 December 2011



# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Statement of accounting policies *for the year ended 31 March 2011*

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 generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales. The financial statements are stated in Pounds Sterling and have been rounded to the nearest thousand.

The financial statements cover the year ended 31 March 2011. The comparatives cover the year ended 31 March 2010.

### **Turnover**

Turnover in the year relates to liquidated damages due from contractual agreements the company had with a subcontractor. This excluded VAT.

### **Tangible fixed assets**

Tangible fixed assets are stated at original cost, net of accumulated depreciation and any provisions for impairment. Electricity sales generated by assets in the commissioning & testing phase of construction are offset against the capital cost of the asset.

Assets under construction are recorded at cost. Interest on borrowing and arrangement fees related to the financing of major capital projects are capitalised during construction, as part of the cost of the project. Capitalisation of these interest costs ceases when the asset is ready for service.

Depreciation is provided on all tangible fixed assets, except assets in development, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. The useful lives are as follows:

	Years
Operational wind farm asset	23

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided on the company's taxable profits at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Statement of accounting policies *(continued)*

### **Taxation *(continued)***

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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 timing differences can be deducted.

### **Foreign currency**

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued using the rates of exchange prevailing at the balance sheet date.

### **Decommissioning provision**

A provision is made for the decommissioning of the company's offshore wind farm. A provision is recognised when the company has an obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised is the net present value of the estimated cost of decommissioning, discounted using a risk free rate, a corresponding amount is added to the carrying value of the related asset. As the discount applied to the decommissioning provision is unwound this will be recognised as a financing charge under interest payable in the profit and loss account of the company. Changes in the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset. The decommissioning provision is reviewed on an annual basis.

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Profit and loss account for the year ended 31 March 2011

	<i>Note</i>	<b>Year ended 31 March 2011 £'000</b>	<b>Year ended 31 March 2010 £'000</b>
<b>Turnover</b>	3	<b>91,321</b>	-
Cost of sales		-	-
<b>Gross profit</b>		<b>91,321</b>	-
Other income		-	-
Operating income / (expenses)	4	<b>42</b>	(11)
<b>Operating profit/(loss)</b>		<b>91,363</b>	(11)
Interest receivable and similar income		<b>135</b>	63
Interest payable		-	-
<b>Profit on ordinary activities before taxation</b>		<b>91,498</b>	52
Tax on profit on ordinary activities	5	<b>(23,954)</b>	24
<b>Profit for the financial year</b>	13	<b>67,544</b>	76

The above results are derived from continuing activities. The company had no other recognised gains or losses in the financial year or the preceding financial year other than those dealt with in the profit and loss account and accordingly, no statement of total recognised gains and losses has been presented.

On behalf of the board



Jim Smith  
Director



Peter Sharman  
Director

# Greater Gabbard Offshore Winds Limited

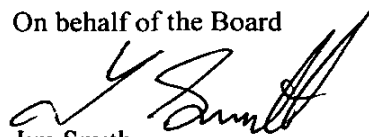
Registered number 4985731


## Balance sheet at 31 March 2011

	<i>Note</i>	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
<b>Fixed assets</b>			
Tangible assets	6	<b>1,363,206</b>	911,695
<b>Current assets</b>			
Debtors	7	<b>30,636</b>	15,851
Cash at bank and in hand		<b>4,270</b>	17,022
		<b>34,906</b>	32,873
<b>Creditors: amounts falling due within one year</b>	8	<b>(43,577)</b>	(85,806)
<b>Net current liabilities</b>		<b>(8,671)</b>	(52,933)
<b>Total assets less current liabilities</b>		<b>1,354,535</b>	858,762
<b>Creditors: amounts falling due after one year</b>	9	<b>(1,249,124)</b>	(855,432)
Provisions for liabilities and charges	10	<b>(37,833)</b>	(3,296)
<b>Net assets</b>		<b>67,578</b>	34
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	13	<b>67,578</b>	34
<b>Shareholders' funds</b>	13	<b>67,578</b>	34

The accompanying notes form an integral part of this balance sheet

On behalf of the Board

  
Jim Smith  
Director

  
Peter Sharman  
Director

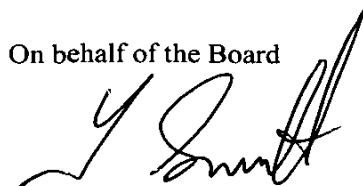
# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Cash flow statement for the year ended 31 March 2011

	<i>Note</i>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		<b>91,363</b>	(11)
Foreign exchange (gain) / loss on revaluation		<b>(133)</b>	11
Unwind of decommissioning asset discount		<b>91</b>	-
Other non-cash movements in trade creditors and accruals		<b>(91,321)</b>	-
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>-</b>	<b>-</b>
<b>Returns on investments and servicing of finance</b>	<i>14</i>	<b>134</b>	<b>63</b>
<b>Capital expenditure and financial investment</b>	<i>14</i>	<b>(387,019)</b>	<b>(461,639)</b>
<b>Financing</b>	<i>14</i>	<b>374,000</b>	<b>477,544</b>
<b>Management of liquid resources</b>	<i>14</i>	<b>133</b>	<b>-</b>
		<hr/>	<hr/>
<b>(Decrease)/increase in cash in the year</b>		<b>(12,752)</b>	<b>15,968</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash in the year	<i>15</i>	<b>(12,752)</b>	15,968
Net funds at start of the year	<i>15</i>	<b>17,022</b>	1,054
		<hr/>	<hr/>
<b>Net funds at end of the year</b>	<i>15</i>	<b>4,270</b>	<b>17,022</b>
		<hr/>	<hr/>

On behalf of the Board



Jim Smith  
Director



Peter Sharman  
Director

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes

*forming part of the financial statements*

### 1 Ownership and operations

The company is a joint venture between SSE Renewables Holdings (UK) Limited and RWE Npower Renewables Limited. The share capital is held jointly by these companies. The ultimate parent of SSE Renewables Holdings (UK) Limited is Scottish and Southern Energy plc, which is registered in Scotland. The ultimate parent of RWE Npower Renewables Limited is RWE AG, which is registered in Germany. Decisions are agreed mutually between the shareholders and therefore the directors are of the opinion there is no ultimate controlling party or parent company.

### 2 Statutory Information

The company had no employees during the year ended 31 March 2011 (*year ended 31 March 2010 nil*).

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

	2011 £	2010 £
<b>Auditor remuneration</b>		
- Audit services	2,718	2,718
- Tax advisory services	906	906
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>3,624</b>	<b>3,624</b>
	<hr/>	<hr/>

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2011 (*year ended 31 March 2010 £nil*).

### 3 Turnover

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Liquidated damages	91,321	-
	<hr/>	<hr/>

Turnover in the year relates to liquidated damages due from contractual agreements the company has with a subcontractor. This excludes VAT.

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes (continued)

<b>4 Operating income</b>	<b>Year ended 31 March 2011 £'000</b>	<b>Year ended 31 March 2010 £'000</b>
Foreign exchange gain / (loss)	133	(11)
Unwinding of provision for disposal	(91)	-
	<hr/>	<hr/>
	42	(11)
	<hr/>	<hr/>
<b>5 Taxation</b>	<b>Year ended 31 March 2011 £'000</b>	<b>Year ended 31 March 2010 £'000</b>
<b>(a) Analysis of charge in year</b>		
<i>Current taxation</i>		
Current tax charge	1,945	-
Prior year under / (over) provision	37	(42)
	<hr/>	<hr/>
	1,982	(42)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Current year charge	23,682	18
Prior year under/(over) provision	(18)	-
Effect of rate change	(1,692)	-
	<hr/>	<hr/>
	21,972	18
	<hr/>	<hr/>
Tax on profit on ordinary activities	23,954	(24)
	<hr/>	<hr/>

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

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

Notes (continued)

## 5 Taxation (continued)

### (b) Factors affecting tax charge for year

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Profit on ordinary activities before tax	91,498	52
Tax on ordinary activities at standard corporation tax of 28% (2010 28%)	25,619	15
<i>Effect of</i>		
Pre-commissioned income capitalised	15	-
Pre trading expenses	(5,641)	-
Capital allowances in excess of depreciation	(12,601)	-
Other timing differences	(5,447)	(15)
Prior year under / (over) provision	37	(42)
<b>Current tax charge</b>	<b>1,982</b>	<b>(42)</b>

### *Factors that may affect future and total tax charges*

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first change from 28% to 27% was substantially enacted in July 2010 and was due to apply from 1 April 2011 however, the March 2011 Budget further reduced the tax rate from 1 April 2011 to 26%. This was substantively enacted on 29 March 2011. These changes will reduce the Company's future current tax charge accordingly. As this rate change has been substantively enacted it has the effect of reducing the Company's net deferred tax liabilities recognised at 31 March 2011 by £1.7m. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction (the rate now being reduced to 23%) due to legislation not being enacted (albeit legislation to reduce corporation tax to 25% from April 2012 was substantively enacted from July 2011), although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities/assets accordingly.



# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes (continued)

### 6 Tangible fixed assets

	<b>Assets in construction £'000</b>
<i>Cost</i>	
At start of year	911,695
Additions	451,511
	<hr/>
<b>At end of year</b>	<b>1,363,206</b>
	<hr/>
At 31 March 2010	911,695
	<hr/>

The above tangible fixed assets include £39,810,000 of capitalised interest of which £19,692,000 was capitalised in the current year. Assets in construction include a capitalised amount of £15,752,000 for future decommissioning costs. Additions in the year also include generation income of £252,270 from commissioning and testing, which is offset against the capital cost of assets. There is no depreciation charge to date as assets are still in development.

### 7 Debtors

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Prepayments and accrued income	22,992	544
Other debtors	1,966	2,455
VAT recoverable	5,678	12,852
	<hr/>	<hr/>
	<b>30,636</b>	<b>15,851</b>
	<hr/>	<hr/>

All amounts fall due within one year

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

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Trade creditors	26,406	46,495
Accruals	15,189	39,311
Corporation tax	1,982	-
	<hr/>	<hr/>
	<b>43,577</b>	<b>85,806</b>
	<hr/>	<hr/>

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes (continued)

<b>9 Creditors: amounts falling due after one year</b>	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Amounts due to Scottish and Southern Energy plc (note 16)	<b>624,562</b>	427,716
Amounts due to RWE Npower Renewables Limited (note 16)	<b>624,562</b>	427,716
	<b>1,249,124</b>	855,432

## 10 Provisions for liabilities and charges

	<b>Deferred Taxation £'000</b>	<b>Decommissioning Costs £'000</b>	<b>Total Provisions £'000</b>
At 1 April 2010	18	3,278	<b>3,296</b>
Arising during the year	21,972	12,474	<b>34,446</b>
Unwind of discount rate	-	91	<b>91</b>
At 31 March 2011	<b>21,990</b>	<b>15,843</b>	<b>37,833</b>

In accordance with the company's accounting policy a provision has been made for the decommissioning of the company's offshore wind farm. A discount rate of 4.50% has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable and similar charges in the profit and loss account.

## Deferred taxation is provided as follows

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Accelerated capital allowances	<b>11,701</b>	-
Other timing differences	<b>10,289</b>	18
	<b>21,990</b>	18

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes (continued)

<b>11 Called up share capital</b>	<b>31 March 2011 £</b>	<b>31 March 2010 £</b>
<i>Authorised:</i>		
1,000,000 ordinary share of £1 each	<b>1,000,000</b>	1,000,000
<i>Allotted, called up and fully paid</i>		
140 ordinary shares of £1 each	<b>140</b>	140

## 12 Capital commitments

- (i) The company has an agreement with Siemens Wind Power A/S for delivery of wind turbines
- The total value of the Danish kroner element of the contract is 4,737,352,813DKK, the value of work remaining to be performed was 1,187,722,027DKK at the year end
  - The total value of the sterling element of the contract is £63,145,760, the value of work remaining to be performed was £15,831,514 at the year end
- (ii) A separate agreement has been entered into for the service and warranty of the turbines by the turbine provider
- The sterling element of the service and warranty agreement totals £27,384,000 No payments had been made at the year end
  - The DKK element of the agreement totals 158,023,600DKK No payments had been made at the year end
- (iii) The company has an agreement with Fluor International Limited for provision of the balance of plant for the wind farm
- The total value of the sterling element of the contract is £401,484,594, the value of work remaining to be performed was £59,112,906 at the year end
  - The total value of the Euro element of the contract is €641,182,579, the value of work remaining to be performed was €41,469,361 at the year end
- (iv) As at 31 March 2011 the company had committed to purchase foreign currency at fixed rates from Scottish and Southern Energy plc during the coming year
- The amount of Danish Kroner the company has committed to purchase during the coming financial year totals 1,375,249,374DKK (year ended 31 March 2010 2,426,558,242DKK)

# Greater Gabbard Offshore Winds Limited

Registered number 4985731

## Notes (continued)

### 12 Capital commitments (continued)

- The company has entered into multiple forward contracts for the purchase of Danish Kroner for a total of 1,375,249,374 DKK (2010 2,500,227,637 DKK) These contracts mature at various dates up to 01 June 2011 The mark to market valuation of these contracts at the balance sheet date was £162,979,664 (2010 £299,101,684)
- The amount of Euro the company has committed to purchase during the coming financial year totals €68,107,815 (year ended 31 March 2010 €258,767,309)
- The company has entered into multiple forward contracts for the purchase of Euros for a total of €68,107,815 (2010 €258,767,309) These contracts mature on 15 April 2011 The mark to market valuation of these contracts at the balance sheet date was £60,144,194 (2010 £230,686,128)

### 13 Reconciliation of movement in profit and loss and shareholders funds

	Profit & loss Account 31 March 2011 £'000	Shareholders Funds 31 March 2011 £'000	Profit & loss Account 31 March 2010 £'000	Shareholders Funds 31 March 2010 £'000
Balance at beginning of period	34	34	(42)	(42)
Profit for the financial period	67,544	67,544	76	76
Balance at end of period	67,578	67,578	34	34

### 14 Analysis of cashflows

	2011 £'000	2010 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	134	63
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	387,019	461,639
<b>Financing</b>		
Receipt from Shareholder loans	374,000	477,544
<b>Management of liquid resources</b>		
FX Translation of non-GBP bank accounts	133	-

# Greater Gabbard Offshore Winds Limited

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## Notes (continued)

<b>15 Analysis of changes in net funds</b>	<b>Opening balance £'000</b>	<b>Cash flows £'000</b>	<b>Closing balance £'000</b>
Cash at bank and in hand	<b>17,022</b>	<b>(12,752)</b>	<b>4,270</b>

## 16 Related party transactions

The company is a joint venture of SSE Renewables Holdings (UK) Limited and RWE Npower Renewables Limited who each have a 50% shareholding

- (i) At 31 March 2011, the total shareholders loan amount outstanding was £1,249,124,183 (2010 £855,432,620)

During the year RWE Npower Renewables Limited advanced funds of £187,000,000 to the company At 31 March 2011, the total amount outstanding to RWE Npower Renewables Limited was £624,562,092 (2010 £427,716,310) During the year, Scottish and Southern Energy plc advanced £187,000,000 to the company At 31 March 2011, the total amount outstanding to Scottish and Southern Energy plc was £624,562,092 (2010 £427,716,310)

Scottish and Southern Energy plc is the ultimate parent company of SSE Renewables Holdings (UK) Limited and is registered in Scotland

Scottish and Southern Energy plc and RWE Npower Renewables Limited have confirmed that they will not seek repayment of their portion of the outstanding balance within 12 months Interest is charged on a portion of the debt balances outstanding at 2% above the London Interbank Offered Rate (LIBOR)

- (ii) Recharges have been made by SSE Generation Limited (a subsidiary of Scottish and Southern Energy plc) during the year, for the services provided by their employees who have worked on the Greater Gabbard project During the year ended 31 March 2011, the company was charged £5,366,729 by SSE Generation Limited in respect of these costs (year ended 31 March 2010 £4,336,057) At the year end no amounts were due to SSE Generation Limited (2010 £nil)
- (iii) Recharges have been made by RWE Npower Renewables Limited (a subsidiary of RWE AG) during the year, for the services provided by their employees who have worked on the Greater Gabbard project During the year ended 31 March 2011, the company was charged £273,454 by RWE Npower Renewables Limited in respect of these costs (year ended 31 March 2010 £367,880) At the year end £71,330 was due to RWE Npower Renewables Limited (year ended 31 March 2010 £nil)

# Greater Gabbard Offshore Winds Limited

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## Notes (continued)

### 16 Related party transactions (continued)

- (iv) Recharges have been made to SSE Renewables Developments (UK) Limited (formerly Airticity Developments (UK) Limited) during the year, for costs wholly paid for by Greater Gabbard Offshore Winds Limited. During the year ended 31 March 2011, the company paid £133,222 to SSE Renewables Developments (UK) Limited in respect of these costs (*year ended 31 March 2010 £142,457*). At the year end no amounts were due from SSE Renewables Developments (UK) (*year ended 31 March 2010 £118,848*).
- (v) To hedge against currency risk on the non sterling inputs into the company's construction project, Scottish and Southern Energy plc enters into foreign exchange contracts on the behalf of Greater Gabbard Offshore Winds Limited. The extent of the gains and losses resulting from these contracts are recognised fully in the balance sheet of Greater Gabbard Offshore Winds Limited. Contracts outstanding at the balance sheet date are disclosed elsewhere in these financial statements.
- (vi) Electricity sales of £126,135 have been recognised in the year (*year ended 31 March 2010 £nil*) for electricity supplied to RWE Npower Renewables Limited. These are used to offset against the capital cost of the asset. At the year end no amounts were due from RWE Npower Renewables Limited.
- (vii) Electricity sales of £126,135 have been recognised in the year (*year ended 31 March 2010 £nil*) for electricity supplied to RWE Npower Renewables Limited. These are used to offset against the capital cost of the asset. At the year end no amounts were due from RWE Npower Renewables Limited.
- (viii) SSE Energy Supply Limited supplied Greater Gabbard Offshore Winds Limited with £10,864 of electricity during the year. At the year end no amounts were due to SSE Energy Supply Limited.

### 17 Obligations under operating leases

At 31 March 2011, the company had annual commitments under non- cancellable operating leases for land and buildings expiring as follows

	31 March 2011 £'000	31 March 2010 £'000
Expiry within the year	70	-
Within two to five years	-	70
After five years	430	430
	<hr/>	<hr/>
	500	500
	<hr/>	<hr/>

# Greater Gabbard Offshore Winds Limited

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## Notes (continued)

### 18 Contingent liabilities

- (i) The company has entered into a lease agreement with British Energy for the Sizewell substation. Under this agreement, the company is obliged to maintain an insurance policy for the contractual term of the lease and a minimum insurance excess of £2,000,000 exists.
- (ii) On 31 January 2005, the company signed a Connection and Construction Agreement with the National Grid Company. As part of that agreement, the company had to provide a Letter of Credit to the National Grid Company to guarantee any liability which may arise as a result of accelerating the works programme for the national grid connection. The value of the Letter of Credit is £17,625,000 as at 31 March 2011. The Letter of Credit expired and wasn't renewed on 01 April 2011 as the company has successfully delivered electricity to the grid through the substation.
- (iii) The company is in a contractual dispute with Fluor Limited, the principal contractor for the wind farm, relating to the need for assurance of the quality of potentially up to 52 of the turbine foundations. The company expects this matter to be resolved satisfactorily, as part of the normal contractual process. The Directors are confident that the company has taken steps to minimise exposure and that all matters are appropriately provided for in these financial statements as at 31 March 2011.
- (iv) The company, through its normal operations, is subject to various operating litigations and claims. Management exercise judgement in assessing the likely economic outflow from such cases and a provision is recognised in the balance sheet where management have determined that an outflow of economic benefits is likely.

### 19 Approval of financial statements

The directors approved these financial statements on 22 December 2011.