

# Greater Gabbard Offshore Winds Limited

Directors' report and  
financial statements

**Year ended 31 March 2010**

*Registered number 4985731*



# Greater Gabbard Offshore Winds Limited

## Directors' report and financial statements

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# Greater Gabbard Offshore Winds Limited

## Directors and other information

<b>Directors</b>	P Coffey C W Hood 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

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

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

The company is engaged in the construction with a view to the operation of a 500MW offshore windfarm at the Inner Gabbard and Galloper sites, off the coast of Suffolk. The company is currently carrying out the construction of the windfarm. The company is a joint venture of SSE Renewables Holdings (UK) Limited (formerly Airtricity Holdings (UK) Limited) and RWE Npower Renewables Limited.

The principal risks facing the company are cost overruns on the wind farm construction project, failure to complete the project on time and having no off-take for the electricity produced when constructed. To mitigate these risks, the directors of the company have 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. The company will enter into a power purchase agreement to sell electricity generated from the wind farm once completed.

During the year the company received a claim in relation to additional costs for foundation monopiles. The company expects this matter to be resolved satisfactorily, as part of the normal contractual process.

### Results and dividends

The profit for the year, after taxation amounted to £76,000 (*profit for the period ended 31 March 2009 £14,000*). The balance sheet at 31 March 2010 is set out on page 10 and indicates net assets of £34,000 (*2009 net liabilities of £42,000*). No dividends or transfers to reserves are proposed by the directors.

### Directors and secretary

The following directors served during the year and resigned from office after 31 March 2010

Director	Resignation date
Keith Moseley	06 May 2010
Paul Cowling	06 May 2010

The following directors were appointed to office after the year ended 31 March 2010

Director	Appointment date
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.

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.

# Greater Gabbard Offshore Winds Limited

## Directors' report *(continued)*

### **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.

### **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 period.

### **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*

16 December 2010

# Greater Gabbard Offshore Winds Limited

## Statement of directors' responsibilities

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)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law

On behalf of the board



Jim Smith  
Director



Peter Sharman  
Director

16 December 2010

# Greater Gabbard Offshore Winds Limited

## 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 2010, 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

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 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. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.apb.org.uk/apb/scope>.

### 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 2010 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.



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

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

In our opinion the information given in the Directors' Report 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

  


Cliona Mullen (Senior Statutory Auditor)  
For and behalf of KPMG, Statutory Auditor  
1 Stokes Place  
St Stephen's Green  
Dublin 2  
Ireland

16 December 2010



# Greater Gabbard Offshore Winds Limited

## Statement of accounting policies

*for the year ended 31 March 2010*

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 2010. The comparatives cover the 15 month period ended 31 March 2009.

### **Cash flow statement**

The company is exempt from the requirements of FRS 1 '*Cash flow Statements*' (revised), to include a cash flow statement as part of its financial statements as it meets the size criteria prescribed by this standard.

### **Tangible fixed assets**

Tangible fixed assets are stated at original cost, net of accumulated depreciation and any provisions for impairment.

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

## Statement of accounting policies *(continued)*

*for the year ended 31 March 2010*

### **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 windfarm. 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

## Profit and loss account for the year ended 31 March 2010

	<i>Note</i>	<b>Year ended 31 March 2010 £'000</b>	<b>15 month Period ended 31 March 2009 £'000</b>
<b>Turnover</b>		-	-
<b>Gross profit</b>		-	-
Other income		-	56
Operating expenses	3	(11)	-
<b>Operating (loss)/profit</b>		(11)	56
Interest receivable		63	-
<b>Profit on ordinary activities before taxation</b>		52	56
Tax on profit on ordinary activities	4	24	(42)
<b>Profit for the financial year/period</b>	12	76	14

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 period other than those dealt with in the profit and loss account and accordingly, no statement of total recognised gains and losses has been presented.

There is no material difference between the results for the periods stated above and their historical cost equivalents.

# Greater Gabbard Offshore Winds Limited

## Balance sheet

at 31 March 2010

	<i>Note</i>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
<b>Fixed assets</b>			
Tangible assets	5	911,695	402,143
<b>Current assets</b>			
Debtors	6	15,851	6,217
Cash at bank and in hand		17,022	1,054
		32,873	7,271
<b>Creditors: amounts falling due within one year</b>	7	(85,806)	(42,336)
<b>Net current liabilities</b>		(52,933)	(35,065)
<b>Total assets less current liabilities</b>		858,762	367,078
<b>Creditors: amounts falling due after one year</b>	8	(855,432)	(367,120)
Provisions for liabilities and charges	9	(3,296)	-
<b>Net assets / (liabilities)</b>		34	(42)
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	12	34	(42)
<b>Shareholders' funds / (deficit)</b>	12	34	(42)

The accompanying notes form an integral part of this balance sheet

The financial statements were approved by the directors on 16 December 2010



Jim Smith  
Director



Peter Sharman  
Director

# Greater Gabbard Offshore Winds Limited

## Notes

*forming part of the financial statements*

### 1 Ownership and operations

The company is engaged in the construction with a view to the operation of a 500MW offshore windfarm at the Inner Gabbard and Galloper sites, off the coast of Suffolk. The company is currently carrying out the construction of the windfarm.

The principal risks facing the company are cost overruns on the wind farm construction project, failure to complete the project on time and having no off-take for the electricity produced when constructed. To mitigate these risks, the directors of the company have put in place fixed price contracts for the construction of the wind farm and will enter into a power purchase agreement to sell electricity generated from the wind farm once completed.

The company is a joint venture between SSE Renewables Holdings (UK) Limited (formerly Airtricity 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

None of the directors received any emoluments in respect of fees or services to the company in the year ended 31 March 2010 (*period ended 31 March 2009: £Nil*).

The company had no employees during the year ended 31 March 2010 (*period ended 31 March 2009: Nil*).

#### Auditor's remuneration

	<b>Year ended 31 March 2010 £'000</b>	<b>15 month period ended 31 March 2009 £'000</b>
Audit fees	11	11

The auditor's remuneration has been borne, as part of a wider charge, by SSE Renewables Holdings Limited, a company registered in Ireland.

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

### 3 Operating Expenses

	Year ended 31 March 2010 £'000	15 month period ended 31 March 2009 £'000
Foreign exchange loss	(11)	-
	<u>(11)</u>	<u>-</u>

### 4 Taxation

	Year ended 31 March 2010 £'000	15 month period ended 31 March 2009 £'000
<b>(a) Analysis of charge in year</b>		
<i>Current taxation</i>		
Current tax charge	-	42
Prior year under / (over) provision	(42)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	18	-
	<u>(24)</u>	<u>42</u>

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

## Notes (continued)

### 4 Taxation (continued)

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

	Year ended 31 March 2010 £'000	15 month period ended 31 March 2009 £'000
Profit on ordinary activities before tax	52	56
Tax on ordinary activities at standard corporation tax of 28% (2009 at effective rate of 28.4%)	15	16
<i>Effect of</i>		
Capitalised income taxable	-	26
Other timing differences	(15)	-
Prior year under / (over) provision	(42)	-
<b>Current tax charge</b>	<b>(42)</b>	<b>42</b>

The standard rate of corporation tax rate was changed on 01 April 2008 from 30% to 28%. The effective rate of tax in the 15 month comparative period was 28.4%.

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

A number of changes to the UK Corporation Tax system were announced in the 2010 Budget Report which have been enacted in the 2010 Finance Act. The impact of these is not considered to be material to the future tax charge in the UK.

Further changes were announced in the UK Government's Emergency Budget on 22 June 2010. This included a reduction in the main corporation tax rate from the current 28% to 24% comprising a 1% per annum reduction over the course of a four year period commencing from 1 April 2011. In addition, the rates of capital allowances on assets in the main and special pools are expected to fall from 20% to 18% and from 10% to 8% respectively from 1 April 2012. The Directors are in the process of evaluating the impact these changes will have on future tax charge.

On 20 July 2010 Finance (No. 2) Act 2010 was substantively enacted which includes a reduction in the corporation tax rate from 28% to 27% with effect from 1 April 2011.

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

<b>5 Tangible fixed assets</b>	<b>Assets in construction £'000</b>
<i>Cost</i>	
At start of year	402,143
Additions	509,552
	<hr/>
<b>At end of year</b>	<b>911,695</b>
	<hr/>
<i>Accumulated depreciation</i>	
At beginning of year	-
Charge for the year	-
	<hr/>
<b>At end of year</b>	<b>-</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 March 2010</b>	<b>911,695</b>
	<hr/>
At 31 March 2009	402,143
	<hr/>

The above tangible fixed assets include £20,117,693 of capitalised interest of which £10,781,398 was capitalised in the current year

<b>6 Debtors</b>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Prepayments and accrued income	544	1,267
Other debtors	2,455	1,860
VAT recoverable	12,852	3,090
	<hr/>	<hr/>
	<b>15,851</b>	<b>6,217</b>
	<hr/>	<hr/>

All amounts fall due within one year



# Greater Gabbard Offshore Winds Limited

## Notes (continued)

<b>7 Creditors: amounts falling due within one year</b>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Trade creditors	46,495	-
Accruals	39,311	42,294
Corporation Tax	-	42
	<u>85,806</u>	<u>42,336</u>

<b>8 Creditors: amounts falling due after one year</b>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Amounts due to Scottish and Southern Energy plc (note 13)	427,716	183,560
Amounts due to RWE Npower Renewables Limited (note 13)	427,716	183,560
	<u>855,432</u>	<u>367,120</u>

## 9 Provisions for liabilities and charges

	Deferred Taxation £'000	Decommissioning Costs £'000	Total Provisions £'000
At 1 January 2008	-	-	-
Additions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2009	-	-	-
Additions	18	3,278	3,296
	<u>18</u>	<u>3,278</u>	<u>3,296</u>
At 31 March 2010	<u>18</u>	<u>3,278</u>	<u>3,296</u>

A discount rate of 4.52% has been applied to discount the decommissioning cost provision to present values

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

10 Called up share capital	31 March 2010 £'000	31 March 2009 £'000
<i>Authorised:</i>		
1,000,000 ordinary share of £1 each	1,000	1,000
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
140 ordinary shares of £1 each	-	-
	<hr/>	<hr/>

## 11 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 2,152,111,707DKK 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 £28,686,213 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 £183,492,167 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 €224,752,800 at the year end

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

### 11 Capital commitments (continued)

- (iv) As at 31 March 2010 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 2,426,558,242DKK (period ended 31 March 2009 1,486,924,212DKK)
  - The amount of Euro the company has committed to purchase during the coming financial year totals €258,767,309 (period ended 31 March 2009 €249,488,166)
  - The company has entered into multiple forward contracts for the purchase of Euros for a total of €258,767,309 (2009 €462,582,413) These contracts mature at various dates up to 10 February 2011 The mark to market valuation of these contracts at the balance sheet date was £230,686,128 (2009 £428,044,989)
  - The company has entered into multiple forward contracts for the purchase of Danish Kroner for a total of 2,500,227,637 DKK (2009 3,915,944,427 DKK) These contracts mature at various dates up to 03 October 2011 The mark to market valuation of these contracts at the balance sheet date was £299,101,684 (2009 £484,700,437)

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

	Profit & loss Account 31 March 2010 £'000	Shareholders Funds 31 March 2010 £'000	Profit & loss Account 31 March 2009 £'000	Shareholders Funds 31 March 2009 £'000
Balance at beginning of period	(42)	(42)	(56)	(56)
Profit for the financial period	76	76	14	14
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of period	34	34	(42)	(42)
	<hr/>	<hr/>	<hr/>	<hr/>

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

### 13 Related party transactions

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

- (i) At 31 March 2010, the total shareholders loan amount outstanding was £855,432,620 (2009 £367,120,770)

During the year RWE Npower Renewables Limited advanced funds of £238,771,460 to the company. At 31 March 2010, the total amount outstanding to RWE Npower Renewables Limited was £427,716,310 (2009 £183,560,385). During the year, Scottish and Southern Energy plc advanced £238,771,460 to the company. At 31 March 2010, the total amount outstanding to Scottish and Southern Energy plc was £427,716,310 (2009 £183,560,385).

Scottish and Southern Energy plc is the ultimate parent company of SSE Renewables Holdings (UK) Limited (formerly Airtricity 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 2010, the company paid £4,336,057 to SSE Generation Limited in respect of these costs (*period ended 31 March 2009 £792,232*). At the year end no amounts were due to SSE Generation Limited (*period ended 31 March 2009 £204,693*).
- (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 2010, the company paid £367,880 to RWE Npower Renewables Limited in respect of these costs (*period ended 31 March 2009 £Nil*). At the year end no amounts were due to RWE Npower Renewables Limited (*period ended 31 March 2009 £Nil*).

- (iv) Recharges have been made to SSE Renewables Developments (UK) Limited (formerly Airtricity Developments (UK) Limited) during the year, for costs wholly paid for by Greater Gabbard Offshore Winds Limited. During the year ended 31 March 2010, the company recharged £142,457 to SSE Renewables Developments (UK) Limited in respect of these costs (*period ended 31 March 2009 £Nil*). At the year end £118,848 was due from SSE Renewables Developments (UK) (*period ended 31 March 2009 £Nil*).
- (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 financial statements of Greater Gabbard Offshore Winds Limited.

# Greater Gabbard Offshore Winds Limited

## Notes (continued)

### 14 Obligations under operating leases

At 31 March 2010, the company had annual commitments under non- cancellable operating leases for land and buildings expiring as follows

	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Within two to five years	70	70
After five years	430	430
	<hr/>	<hr/>
	<b>500</b>	<b>500</b>
	<hr/>	<hr/>

### 15 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 2010. When the company successfully delivers electricity to the grid through the substation, this liability will cease.
- (iii) During the year the company received a claim in relation to additional costs for foundation monopiles. 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 at 31 March 2010.