

**GWYNT Y MÔR  
OFTO**

Registered number  
8796181

Gwynt y Mor OFTO Intermediate Limited  
Annual Report and Financial Statements  
For the year ended 31 March 2016

**Gwynt y Mor OFTO Intermediate Limited**  
**Annual report and financial statements**  
**Contents**

**GWYNT Y MÔR**  
**OFTO**

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**Gwynt y Mor OFTO Intermediate Limited**  
**Company information**

**GWYNT Y MÔR**  
**OFTO**

**Directors**

Rebecca Collins  
Sion Laurence Jones  
Brian Roland Walker  
Simon Rooke (Appointed 17/12/2015)

**Company secretary**

Patrick McCarthy

**Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

**Bankers**

Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

**Registered office**

6th Floor  
350 Euston Road  
Regent's Place  
London  
United Kingdom  
NW1 3AX

**Registered number**

8796181

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

**Principal activity**

Gwynt Y Mor OFTO Intermediate Limited is a financing company whose sole purpose is the lending to Gwynt Y Mor OFTO Plc by means of secured subordinated loan stock. The Company and Gwynt Y Mor OFTO Plc are wholly-owned subsidiaries of Gwynt Y Mor OFTO Holdings Limited which together form the Gwynt Y Mor OFTO Group ("Gwynt Y Mor Group").

On 11 February 2015 Gwynt Y Mor OFTO Plc was granted an Offshore Electricity Transmission Licence ("the licence") under the Electricity Act 1989 by the Gas and Electricity Markets Authority ("Ofgem"). Its principal activity is to provide an electricity transmission service to National Grid Electricity Transmission Plc ("NGET") - the electricity transmission system operator for Great Britain. It owns and operates a transmission system for a period of 20 years that electrically connects an offshore wind farm generator at Bodelwyddan in Denbighshire, North Wales to the onshore transmission system operated by NGET.

The secured loan stock was issued by the Company to the shareholders of Gwynt Y Mor OFTO Holdings Limited in equal amounts on the 17 February 2015. The proceeds received were, on identical terms and conditions invested in secured subordinated loan stock issued by Gwynt Y Mor OFTO Plc, also on the 17 February 2015.

No change in the Gwynt Y Mor Group's activities is anticipated.

The audited financial statements for the year ended 31 March 2016 are set out on pages 7 to 13.

**Principal risks and uncertainties**

The Gwynt Y Mor Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the requirements of the licence and other contracts and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to enable the business to improve performance and fulfil its contractual obligations.

**Financial Risk Management**

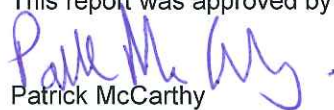
The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's Statement of Financial Position, the only financial risk that the Directors consider relevant to the Company is liquidity risk.

The liquidity risk is mitigated by the Company having arranged subordinated debt funding to cover its obligations for the financing of Gwynt Y Mor OFTO Plc.

**Contractual relationships**

The Company's fellow subsidiary Gwynt Y Mor OFTO Plc operates within a contractual relationship with its primary customer, NGET, acting as an agent on behalf of Ofgem. A significant impairment of these relationships could have a direct and detrimental effect on Gwynt Y Mor OFTO Plc's results and could ultimately result in termination of the concession. To manage this risk Gwynt Y Mor OFTO Plc has regular meetings with NGET including discussions on performance, project progress, future plans and customer requirements.

This report was approved by the board on 28 July 2016 and signed by its order.

  
Patrick McCarthy  
Company Secretary

The Directors present their Annual Report together with the audited financial statements for the year ended 31 March 2016.

The following information has been disclosed in the Strategic Report:

- Principal activity and indication of likely future developments in the business
- Principal risks and uncertainties

#### ***Returns and dividends***

The audited financial statements for the year ended 31 March 2016 are set out on pages 7 to 13. The Company's result for the year after tax amounted to £nil (2015: £nil). The Company has no distributable reserves and therefore the Directors do not propose to pay a dividend in respect of the year ended 31 March 2016 (2015: £nil). The Directors expect the Company to continue its operations for the foreseeable future.

#### ***Operating income***

Operating income of the Gwynt Y Môr Group is derived from Gwynt Y Môr OFTO Plc's provision of operating services to its principal customer, NGET.

Operating income for the year primarily represents the operating income that would be generated by an efficient provider of operating services to NGET. Such services include those activities that result in the efficient and safe operation of those assets on behalf of a standalone transmission owner, and are reflective of the costs incurred in providing those services, including the cost of insuring those assets. Operating income has been recorded in accordance with the principal accounting policies adopted by the Company.

#### ***Going concern***

The assessment of going concern is linked to that of the Gwynt Y Môr Group, as its ability is dependent upon the financial performance of Gwynt Y Môr OFTO Plc.

The Gwynt Y Môr Group has substantial financial resources to cover its obligations to NGET, having arranged senior debt facilities and subordinated debt funding having been received from its shareholders at the start of the contract.

Accordingly, after making enquiries with the Gwynt Y Môr Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the statement of accounting policies in the financial statements.

#### ***Share Capital***

The issued share capital of the Company at 31 March 2016 was £1 (2015: £1) consisting of 1 (2015: 1) ordinary share of £1.

**Gwynt y Mor OFTO Intermediate Limited**  
**Registered number: 8796181**  
**Directors' Report**

***Directors***

The Directors serving throughout the year and subsequently (unless otherwise indicated) were:

R Collins  
S L Jones  
S Orrell (Resigned 20 August 2015)  
B R Walker  
S K McLachlan (Appointed 20 August 2015, resigned 17 December 2015)  
S Rooke (Appointed 17 December 2015)

No Director had any interest in the issued share capital of the Company or other Group Companies at 31 March 2016.

***Directors' indemnities***

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

***Company Information***

Gwynt y Mor OFTO Intermediate Limited is incorporated in Great Britain, registered in England and Wales and domiciled in the United Kingdom .

***Company Secretary and Registered Office***

The Company Secretary is P McCarthy. The registered address is 6th Floor, 350 Euston Road, Regent's Place, London, United Kingdom, NW1 3AX.

***Auditor***

Each of the persons who is a Director at the date of approval of the report confirms that:

- i) so far as the Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to appoint KPMG as auditor will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 28 July 2016 and signed by its order.

  
Patrick McCarthy  
Company Secretary

**Gwynt y Mor OFTO Intermediate Limited**  
**Registered number: 8796181**  
**Directors' Responsibilities Statement**

The Directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

On behalf of the Board

  
Patrick McCarthy  
Company Secretary

**Gwynt y Mor OFTO Intermediate Limited**  
**Independent auditor's report**  
**to the members of Gwynt y Mor OFTO Intermediate Limited**

We have audited the financial statements of Gwynt y Mor OFTO Intermediate Limited (the "Company") for the year ended 31 March 2016, which comprise the Income Statement, Statement of Financial Position, Statement of Cash Flows and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the 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 result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Separate opinion in relation to IFRSs as issued by the IASB**

In our opinion the financial statements comply with IFRSs as issued by the IASB.

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

In our opinion the information given in the Strategic Report and 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.



Makhan Chahal (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

28/7 July 2016



Gwynt y Mor OFTO Intermediate Limited  
**Income Statement**  
for the year ended 31 March 2016

	Notes	2016 £'000s	2015 £'000s
<b>Operating income</b>		-	-
Operating costs		-	-
<b>Operating result</b>		<u>-</u>	<u>-</u>
Interest receivable and similar income	3	4,568	480
Interest payable and similar charges	3	(4,568)	(480)
<b>Result before taxation</b>		<u>-</u>	<u>-</u>
Income tax charge	4	-	-
<b>Result attributable to equity shareholders</b>		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 10 to 13 form part of these financial statements.

The results reported above relate to continuing operations in the United Kingdom.

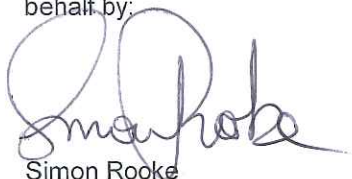
**Statements of total recognised gains and losses**

There were no recognised gains or losses for the current year and preceding year other than those stated in the income statement, consequently no statement of total recognised gains and losses is presented.

**Gwynt y Mor OFTO Intermediate Limited  
Statement of Financial Position  
as at 31 March 2016**

	Notes	2016 £'000s	2015 £'000s
<b>Fixed assets</b>			
Investments	5	45,592	45,592
Total non-current assets		<u>45,592</u>	<u>45,592</u>
<b>Current assets</b>			
Receivables: due within one year	6	5,048	480
Cash and cash equivalents		-	-
Total Current Assets		<u>5,048</u>	<u>480</u>
<b>Total Assets</b>		<u><b>50,640</b></u>	<u><b>46,072</b></u>
<b>Current Liabilities</b>			
Creditors: due within one year	7	(5,048)	(480)
Total current liabilities		<u>(5,048)</u>	<u>(480)</u>
<b>Net current assets</b>		<u>-</u>	<u>-</u>
<b>Non-current liabilities</b>			
Loan stock	8	(45,592)	(45,592)
Total non-current liabilities		<u>(45,592)</u>	<u>(45,592)</u>
<b>Total Liabilities</b>		<u><b>(50,640)</b></u>	<u><b>(46,072)</b></u>
<b>Net assets</b>		<u>-</u>	<u>-</u>
<b>Equity</b>			
Capital and reserves	9	-	-
Retained earnings	10	-	-
<b>Shareholders' Funds</b>	12	<u><b>-</b></u>	<u><b>-</b></u>

These financial statements for Gwynt Y Môr OFTO Intermediate Limited, company registration number 8796181, were approved by the Board of Directors on 28 July 2016 and signed on its behalf by:



Simon Rooke  
Director

Approved by the board on 28 July 2016

Gwynt y Mor OFTO Intermediate Limited  
**Statement of Cash Flows**  
for the year ended 31 March 2016

	Notes	2016 £'000s	2015 £'000s
<b>Cash flows from operating activities</b>			
Operating (loss)/profit for the year		-	-
Adjustments for:			
Increase in debtors		(4,568)	(480)
Increase in creditors		4,568	480
		<u>-</u>	<u>-</u>
<b>Net cash flows generated by operating activities</b>		<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Investment in subsidiary		-	45,592
<b>Net cash flow generated by investing activities</b>		<u>-</u>	<u>45,592</u>
<b>Cash flows from financing activities</b>			
Proceeds of subordinated loans received		-	(45,592)
Interest Paid		-	-
<b>Net cash flow used in financing activities</b>		<u>-</u>	<u>(45,592)</u>
<b>Net cash generated</b>			
Cash generated by operating activities		-	-
Cash generated by investing activities		-	45,592
Cash used in financing activities		-	(45,592)
<b>Net cash generated</b>		<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 April 2015 / 2014		-	-
Cash and cash equivalents at 31 March 2016 / 2015		<u>-</u>	<u>-</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		-	-
Bank overdrafts		-	-
		<u>-</u>	<u>-</u>

**Gwynt y Mor OFTO Intermediate Limited  
Notes to the Financial Statements  
for the year ended 31 March 2016**

**1 Summary of significant accounting policies**

**A Basis of preparation**

Gwynt Y Môr OFTO Intermediate Limited is a Company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements are presented in pounds sterling, which is the functional currency of the Company and are rounded to the nearest £1,000.

In the year ended 31 March 2016 the financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

**B Going concern**

The Gwynt Y Môr Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and the Directors' Report on pages 3 to 4.

The Directors' have considered the ability of government authorities to continue to pay transmission revenue due to Gwynt Y Môr OFTO Plc and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the licence.

Secured debt has been obtained and procured by Gwynt Y Môr OFTO Plc through a contract to finance the purchase and operation of the licence. The Group's projections show that the project is expected to generate positive cash flows during the life of the concession.

After making enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Company's Directors have a reasonable expectation that the Company will be able to meet its obligations. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Gwynt y Mor OFTO Intermediate Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2016**

**1 Summary of significant accounting policies continued**

**C Financial instruments**

Financial assets, liabilities, and equity instruments are classified according to the substance of the contractual arrangements entered into, and recognised on the trade date.

Trade and loan receivables, including time deposits and demand deposits, are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade or loan receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency, and default or significant failure of payment.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings, which include fixed interest-bearing debt, are recorded at their carrying value which reflects the proceeds received, net of direct issue costs.

**D Taxation**

The Company has made a result of £nil (2015: £nil) during the year and consequently there is no charge to corporation tax.

**2 Auditor's remuneration and remuneration of Directors and employees**

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £500 (2015: £500) and were borne by Gwynt Y Môr OFTO Plc.

The Directors received no salary, fees or other benefits in the performance of their duties in the current or preceding year. Directors' fees of £nil (2015: £nil) were paid by the Company. The Company had no employees in the current or preceding year. All costs of the Directors and other staff are borne by the shareholders who second their employees to Gwynt Y Môr OFTO Plc.

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

**3 Finance income (net)**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Interest receivable on secured subordinated loan stock	4,568	480
Interest payable on secured subordinated loan stock	<u>(4,568)</u>	<u>(480)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**4 Income tax charge**

The taxation charge for the year is £nil (2015: £nil).

**5 Fixed asset investments**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Secured subordinated loan stock in fellow subsidiary undertaking	45,592	45,592
	<u><u>45,592</u></u>	<u><u>45,592</u></u>

The loan stock bears interest at a rate of 9.6% and is repayable in instalments between 2034 and 2035.

**Gwynt y Mor OFTO Intermediate Limited  
Notes to the Financial Statements  
for the year ended 31 March 2016**

<b>6 Receivables: due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Accrued interest on subordinated loan stock	5,048	480
	<u>5,048</u>	<u>480</u>
<b>7 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Accrued interest on subordinated loan stock	(5,048)	(480)
	<u>(5,048)</u>	<u>(480)</u>
<b>8 Creditors: amounts falling due after one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Loan stock (repayable after more than five years)	(45,592)	(45,592)
	<u>(45,592)</u>	<u>(45,592)</u>

The secured subordinated loan stock is issued by the Company to the shareholders in proportion to their equity share holdings in Gwynt Y Môr OFTO Holdings Limited. The loan stock bears interest at a rate of 9.6% and is repayable in instalments between 2032 and 2034.

<b>9 Called Up Share Capital</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Authorised, called up and fully paid: 1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carries no right to fixed income.

<b>10 Retained Earnings</b>	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
At 1 April 2015 / 2014	-	-
Retained result for the year	-	-
<b>At 31 March 2016 / 2015</b>	<u>-</u>	<u>-</u>
<b>11 Reconciliation of movement in shareholders' funds</b>	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
At 1 April 2015 / 2014	-	-
Retained result for the year	-	-
<b>At 31 March 2016 / 2015</b>	<u>-</u>	<u>-</u>

**Gwynt y Mor OFTO Intermediate Limited  
Notes to the Financial Statements  
for the year ended 31 March 2016**

**12 Ultimate parent company and controlling party**

The Company's immediate parent company is Gwynt Y Mor OFTO Holdings Limited, which is incorporated in Great Britain and registered in England and Wales.

Gwynt Y Mor OFTO Holdings Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up.

The Company's ultimate parent companies and controlling parties are Balfour Beatty plc and Equitix Capital Eurobond 2 Limited which are incorporated in Great Britain and registered in England and Wales.

**13 Related party transactions**

At 31 March 2016, subordinated loan stock totalled £45,592k (2015: £45,592k) split 40:60 between Balfour Beatty OFTO Holdings Limited and Equitix Transmission 2 Limited. The accrued interest on subordinated loan stock totalled £5,048k (2015: £480k) divided equally between Balfour Beatty OFTO Holdings Limited and Equitix Transmission 2.