

**Annual Report and Financial
Statements**

Scira Offshore Energy Limited

31 December 2014

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Scira Offshore Energy Limited

Registered No. 5119310

DIRECTORS

Bjørn Drangsholt	
Siri Espedal Kindem	(Resigned 10 December 2014)
Trine Ingebjørg Ulla	(Appointed 10 December 2014)
Olav Hetland	
Eivind Jakob Torblaa	
Sverre Trollnes	
Tarald Gjerde	
Nigel Slater	(Appointed 25 November 2014, resigned 22 April 2015)
Karl Smith	(Appointed 22 April 2015)
Alexis Ulens	(Appointed 22 April 2015)

SECRETARY

Duncan Forsyth	(Resigned 25 June 2014)
David Rumble	(Appointed 25 June 2014)

AUDITOR

KPMG LLP
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

SOLICITORS

Norton Rose
3 More London Riverside
London
SE1 2AQ

REGISTERED OFFICE

Wind Farm Place
Edgar Road
Walsingham
Norfolk
NR22 6EJ

Scira Offshore Energy Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The sole activity of Scira Offshore Energy Limited (the "Company") is the development and operation of the Sheringham Shoal Offshore Wind Farm.

The wind farm is located between 17 and 23 kilometres (10 to 15 miles) off the Norfolk coast north of Sheringham and Cromer, on the border of international waters. The diamond-shaped wind farm covers approximately 35 square kilometres (13 square miles) and consists of 88 wind turbines on foundations fixed to the seabed. Transmission to the grid is via one onshore substation and two offshore substations which are dedicated solely to transmission of electrical output from the wind farm. The transmission assets were constructed by the Company and were sold to an offshore transmission owner (OFTO) in 2013.

On 1 January 2014 the Statkraft group took full contractual responsibility for all operational activities which had previously been performed by employees of the Company who also transferred to Statkraft employment on the same date.

During the year warranties on all Wind Turbine Generators (WTGs) expired leading the Company to implement revised strategies to address the technical, logistical and operational requirements for the post warranty phase.

On 25 November 2014, UK Green Investment Sheringham Shoal Limited (formerly UK GIB Sheringham Shoal Investment Limited) purchased a 20% holding in the Company.

KEY PERFORMANCE INDICATORS

Electrical output in 2014 amounted to net export of 1,088 GWh (2013: 1,056 GWh).

The capacity factor for 2014 amounted to 39% (2013: 39%).

The profit for the year after taxation was £8,248k (2013: £13,192k).

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks that face the Company in the course of conducting its business operations. Although not exhaustive, the following highlights the principal issues:

The nature of operations exposes the Company to health, safety, security and environmental (HSSE) risks. For 2014 this related to operation and maintenance activities offshore which involved transport and access to WTGs and substations, work on high voltage systems, operation of marine vessels and lifting activities associated with the repair and maintenance of offshore installations.

The organisation under the operatorship of Statkraft has been structured to address the nature of activities with appropriate structures and procedures in place to handle these risks and to meet the requirements of UK legislation.

Some of the final construction related activities, including rectification work to address certain issues associated with foundation and substation design, remain to be completed although it is unlikely that these will affect production output.

The Company sells power based on a recognised index and is exposed to price variations that occur within the index. In addition, as the value of the Renewable Obligation Certificate (ROC) Recycle Fund in respect of the 2014/2015 obligation period is not published until quarter 4 2015, the Company is exposed to the risk that the fund value when published will be lower than anticipated.

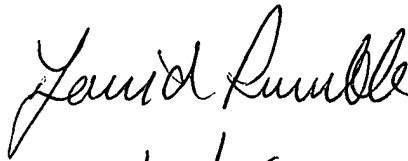
Scira Offshore Energy Limited

STRATEGIC REPORT

The risk of lower than anticipated production owing to the unpredictable nature of wind as a resource is mitigated by appropriate planning processes to ensure that WTG availability for production is maximised during periods of high mean wind speed. To further facilitate this, extensive experience is also gained from the WTG service provider together with operational experience from the owners' organisations.

By order of the Board of Directors

Secretary



DAVID RUMBLE

Date

22/4/15.

Scira Offshore Energy Limited

DIRECTORS' REPORT

The directors present their report with the financial statements of Scira Offshore Energy Ltd ("the Company") for the year ended 31 December 2014.

DIVIDENDS

No dividends were declared or paid in the year ended 31 December 2014 (2013: £nil).

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of a wind energy operator.

CREDITORS PAYMENT POLICY AND PRACTICE

The Company's current policy concerning the payment of the majority of its trade creditors and other suppliers is to:

- adhere to terms laid out using accepted industry standards;
- settle the terms of payment with those non-counterparty creditors/suppliers when agreeing the terms of each transaction;
- ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations.

In 2014, the Company had an average of 14 days' purchases outstanding in trade creditors.

GOING CONCERN

The directors of the Company consider that the Company has adequate financial resources to continue operating for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company. This is based on continued availability of financial support from shareholders when it is required.

CHARITABLE DONATIONS AND POLITICAL CONTRIBUTIONS

UK charitable donations in 2014 amounted to £6,315 (2013: £18,450). No contributions were made to a political party during the year.

POST BALANCE SHEET REVIEW

There are no post balance sheet events to report.

DIRECTORS AND THEIR INTERESTS

The directors who served the Company during the year and changes since 31 December 2014 are listed on page 1. None of the directors at any time during the period ended 31 December 2014 had any beneficial interest in the shares or debentures of the Company.

None of the directors at any time during the period ended 31 December 2014 had any material interest in any contracts with the Company.

Scira Offshore Energy Limited

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INDEMNITY PROVISION

During the period under review, the shareholders as employers of the officers of the Company had in place indemnity provisions in favour of their respective directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

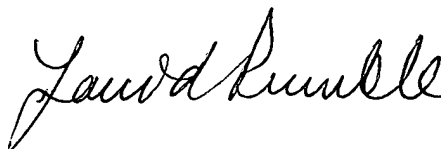
- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITOR

The reappointment of KPMG LLP as auditor will be placed before the board at the forthcoming general meeting at which this report and financial statements are presented

By order of the Board of Directors

Secretary



DAVID RUMBLE

Date

22/4/15.

Scira Offshore Energy Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

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

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

The directors confirm that they have complied with the requirements; having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

Independent auditor's report to the shareholders of Scira Offshore Energy Limited

We have audited the financial statements of Scira Offshore Energy Limited for the year ended 31 December 2014, set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 6, 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 (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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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

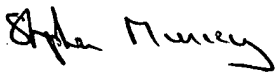
In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the shareholders of Scira Offshore Energy Limited *(continued)*

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.



Stephen Muncey (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

Date: 22 April 2015

Scira Offshore Energy Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2014

	<i>Note</i>	<i>2014</i> £'000	<i>2013</i> £'000
TURNOVER	3	125,712	137,137
COST OF SALES		(74,719)	(77,503)
GROSS PROFIT		50,993	59,634
ADMINISTRATIVE EXPENSES		(10,763)	(13,383)
Foreign exchange gains		523	665
OPERATING PROFIT	4	40,753	46,916
Interest receivable and similar income	5A	61	34
Interest payable and similar charges	5B	(31,829)	(27,412)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,985	19,538
Taxation	6	(737)	(6,346)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		8,248	13,192

All operations are derived from continuing operations in both the current and preceding year.

There are no recognised gains or losses attributable to the shareholders of the Company other than the net profit of £8,248k for the year ended 31 December 2014 (year ended 31 December 2013: £13,192k). Accordingly, no statement of total recognised gains and losses has been prepared.

Movements on reserves are set out in note 12.

Notes on page 12 to 24 form part of these financial statements.

Scira Offshore Energy Limited

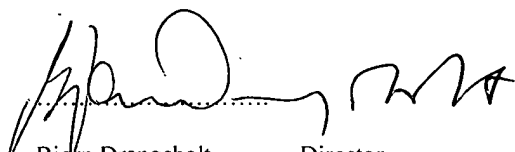
BALANCE SHEET

at 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible fixed assets	7	1,203,311	1,245,249
CURRENT ASSETS			
Inventories		882	-
Debtors	8	56,192	63,954
Cash at bank and in hand		9,149	8,926
		<u>66,223</u>	<u>72,880</u>
CREDITORS: amounts falling due within one year	9	(21,188)	(12,122)
NET CURRENT ASSETS		<u>45,035</u>	<u>60,758</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,248,346</u>	<u>1,306,007</u>
CREDITORS: amounts falling after more than one year	9	(693,215)	(763,937)
Provisions for liabilities and charges	10	(100,128)	(95,315)
NET ASSETS		<u>455,003</u>	<u>446,755</u>
CAPITAL AND RESERVES			
Called up share capital	11	447,123	447,123
Share premium account	12	1,000	1,000
Profit and loss account	12	6,880	(1,368)
SHAREHOLDER'S FUNDS		<u>455,003</u>	<u>446,755</u>

Notes on page 12 to 24 form part of these financial statements.

Approved by the Board of Directors on 22 APRIL.....2015 and signed on their behalf by:


Bjørn Drangsholt Director

Company Registration Number 5119310

Scira Offshore Energy Limited

CASH FLOW STATEMENT

at 31 December 2014

		2014	* Restated 2013
	Notes	£'000	£'000
Net cash inflow from operating activities	16A	104,574	79,834
Returns on investments and servicing of finance			
Interest paid		(27,794)	(23,307)
Taxation			
Corporation tax refunded		-	64
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(10,480)	(45,204)
Net cash inflow before management of liquid resources and financing		66,300	11,387
Financing activities			
Issue of ordinary share capital		-	-
Loans repaid		(63,500)	(253,529)
Increase in cash from sale and leaseback arrangement		-	193,256
Financial liability repayments		(2,577)	(400)
Net increase / (decrease) in cash		223	(49,286)
Cash and cash equivalents at the beginning of the year		8,926	58,212
Cash and cash equivalents at the end of the year		9,149	8,926

Notes on page 12 to 24 form part of these financial statements.

* See note 16 for explanation.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2014

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of preparation

The financial statements are prepared under the historical cost accounting convention in accordance with applicable UK accounting standards. On the basis of current financial projections, available facilities and the continued financial support from the Company's shareholders, it is expected that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company has adopted the going concern basis in preparing the financial statements.

Turnover

Turnover relates to the sale of electricity through Power Purchase Agreements on the basis of a recognised power exchange price together with sales of Renewable Obligation and Levy Exemption Certificates.

Turnover is stated net of value added tax (VAT).

Tangible fixed assets

Expenditure on tangible fixed assets is capitalised in the month in which it is incurred. The Company undertakes a review for impairment of the costs capitalised if events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount that is the higher of net realisable value and value in use, the fixed asset costs are written down to their recoverable amount.

Transmission assets

These assets have been sold to an offshore transmission owner (OFTO). The Company retains full access to the benefits and risks associated with ownership and its exposure to the risks inherent in those benefits. In accordance with FRS 5 the entire asset has continued to be recognised and a financial liability recognised for the consideration received. The company is required to pay enhanced local transmission network use of system (TNUoS) charges for a period of 20 years, which are used to calculate the implicit interest rate and when paid, reflect the repayment of interest and capital of the financial liability.

Depreciation

Wind turbines are depreciated in batches of ten reflecting the sequence in which they were constructed with the depreciation of each batch commencing once the final turbine in each batch is complete and in production. Wind turbines and transmission assets are depreciated over their estimated useful economic lives of 24 years.

Taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is more likely than not. Current tax is provided at amounts to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The Company's presentation and functional currency is pounds sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and expensed over the period during which the Company is expected to benefit. Provision is made for any impairment.

Capitalisation of interest

In accordance with FRS 15 Tangible fixed assets, all borrowing costs that are directly attributable to the construction of the wind farm are capitalised subject to the provision that the total amount of interest capitalised does not exceed the total finance cost for the period.

Once construction of each batch of ten turbines was substantially complete, capitalisation of finance costs relating to that batch ceased.

Decommissioning provision

Provision has been made for the estimated net present cost of decommissioning wind turbine assets and inter array cables at the end of their producing lives. The timing of decommissioning payments are dependent on the life of the wind farm but are anticipated to occur 24 years after production commences. A corresponding tangible fixed asset is also created of an amount equal to the provision. This asset is depreciated over the production phase of the project.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured at the fair value of consideration received plus accrued interest.

Prepayments and accruals

On a monthly basis, amounts are accrued to reflect the consumption of goods and services used in operation and maintenance of the facility where these have not yet been invoiced with the amounts included in creditors. Amounts invoiced in advance are recorded as prepayments and are included in debtors.

Financing

Loan repayments incorporating both principal and interest are paid on a monthly basis with the value being variable and dependent on the net of scheduled revenue receipts and projected operating cash requirements.

Leased assets

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease even if payments are not made on such a basis.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

2. STAFF COSTS

	2014 £'000	2013 £'000
Wages and salaries	-	882
Social security costs	-	104
Other pension costs	-	39
	<u>-</u>	<u>1,025</u>

The average number of employees during the year was nil (2013: 16).

The directors did not receive, nor were due, any remuneration in respect of their services to the Company in either year.

At 1 January 2014, all employees engaged under operational activities were transferred to Statkraft Energy Ltd with those engaged under administration transferred to Statkraft UK Limited.

3. TURNOVER

Turnover is in relation to income from generation of wind-powered electricity, and is stated net of VAT:

	2014 £'000	2013 £'000
United Kingdom	52,570	68,568
Norway	60,785	68,569
Germany	12,357	-
	<u>125,712</u>	<u>137,137</u>

4. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2014 £'000	2013 £'000
Audit and assurance related services remuneration	35	39
Operating leases	1,434	1,364
Foreign exchange gains	(523)	(665)
Depreciation	56,524	55,906

5A. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Bank interest receivable	41	23
Other interest receivable	20	11
	<u>61</u>	<u>34</u>

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

5B. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Bank interest payable	4	3
Interest payable on parent company loans	15,163	17,385
Interest payable on finance liability	12,447	6,147
Other finance expenses: unwinding of discount	4,076	3,853
Other similar charges	139	24
	<u>31,829</u>	<u>27,412</u>

6. TAX

a) Tax on profit on ordinary activities:

	2014 £'000	2013 £'000
<i>Current tax:</i>		
Corporation tax on income for the period at 21.5% (2013: 23.25%), (note 6b)	-	-
Total current tax	-	-
<i>Deferred tax:</i>		
Deferred corporation tax – current year movement	1,154	5,131
Deferred corporation tax – prior year movement	(417)	722
Impact of rate change	-	493
Total deferred tax	<u>737</u>	<u>6,346</u>
Tax on profit / (loss) on ordinary activities	<u>737</u>	<u>6,346</u>

Deferred tax is calculated at a rate of 20% as this is the rate at which it is expected to reverse.

b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are reconciled below:

	2014 £'000	2013 £'000
Profit / (loss) on ordinary activities before taxation	8,985	19,538
Profit / (loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 21.5% (2013: 23.25%)	1,932	4,543
Disallowable expenses	(988)	575
Tax relief on capitalised interest	876	896
Difference between capital allowances and depreciation	(1,820)	(3,383)
Losses carried forward	-	(2,631)
Total current tax (note 6a)	<u>-</u>	<u>-</u>

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

6. TAX (CONTINUED)

c) Deferred tax:	2014 £'000	2013 £'000
Deferred tax	(3,301)	(2,564)

The deferred tax in the balance sheet is made up, as follows:

Accelerated capital allowances Included in capitalised interest	241 (3,542)	1,226 (3,790)
Total deferred tax	(3,301)	(2,564)

d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and a further reduction to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

7. TANGIBLE FIXED ASSETS

	Capitalised decommissioning costs	Capitalised interest	Transmission assets	Wind farm assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost :					
At 1 January 2014	86,815	20,157	174,928	1,041,765	1,323,665
Additions	14	-	934	21,202	22,150
Disposals	-	-	-	(7,564)	(7,564)
At 31 December 2014	86,829	20,157	175,862	1,055,403	1,338,251
Depreciation :					
At 1 January 2014	5,254	1,203	10,445	61,514	78,416
Provided during the year	3,725	1,244	8,718	42,837	56,524
At 31 December 2014	8,979	2,447	19,163	104,351	134,940
Net book value :					
At 31 December 2014	77,850	17,710	156,699	951,052	1,203,311
At 1 January 2014	81,561	18,954	164,483	980,251	1,245,249

During the year £546k of fixed assets were transferred to inventory.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2014

7. TANGIBLE FIXED ASSETS (CONTINUED)

In July 2013, the transmission assets were sold to an offshore transmission owner (OFTO). The Company retains full access to the benefits and risks associated with ownership and its exposure to the risks inherent in those benefits. In accordance with FRS 5, the entire asset has continued to be recognised and a financial liability recognised for the consideration received.

The aggregate amount of capitalised interest to 31 December 2014 was £20,157k (£20,157k to 31 December 2013). Capitalisation of interest ceased on completion of construction activities.

8. DEBTORS

	2014 £'000	2013 £'000
Trade debtors – third party	135	14
Amounts recoverable from related parties (note 13)	-	35
Prepayments and accrued income	55,617	63,231
VAT recoverable	436	276
Corporation tax recoverable	-	-
Other debtors	4	372
Deposits	-	26
	<u>56,192</u>	<u>63,954</u>

9. CREDITORS: amounts falling due within one year

	2014 £'000	2013 £'000
Accruals	6,233	5,758
Amounts due to related parties (note 13)	3,880	67
Trade creditors	379	107
Shareholders' loans	9,118	3,220
Other taxation and social security	-	34
Other creditors	-	2
Finance liability in respect of transmission assets	1,578	2,934
	<u>21,188</u>	<u>12,122</u>

9. CREDITORS: amounts falling due after more than one year

2014	2013
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Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

	£'000	£'000
Shareholders' loans	504,514	574,015
Finance liability in respect of transmission assets	188,701	189,922
	<u>693,215</u>	<u>763,937</u>

Amounts due in relation to finance liability in respect of transmission assets reflect the amortised cost of the consideration received for the sale of the transmission assets on 5 July 2013. The interest rate implicit is 6.88% and the liability will be deemed fully paid on 4 July 2033.

Details of amounts due in relation to this finance liability are as follows:

	£'000
Amounts due within one year	1,578
Amounts due between 2 and 5 years	12,678
Amounts due after more than 5 years	176,023
	<u>190,279</u>

Amounts due in respect of shareholders loans relate to the Long Term Credit Facility Agreements (LTCFA) which commenced on 25 November 2014 and which superceded the previous LTCFA dated 20 December 2012.

Details of the LTCFA are as follows:

Facility Start Date:	25 Nov 2014
Facility End Date:	21 Dec 2020
Interest Rate:	The aggregate of: (i) The Margin; and (ii) One month London Inter Bank Offered Rate ("LIBOR") for GBP, administered by ICE Benchmark Administration Limited (or a replacement administrator) and displayed by REUTERS at or about 11.00 a.m. London Time, set two working days before the start of the interest period.
Margin:	2.3 % p.a.
Interest Period:	1 month, starting on the date of disbursement of the first advance.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i>	<i>Decommissioning</i>	<i>Other</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2014	2,564	92,751	-	95,315
Arising during the year	737	-	-	737
Unwinding of discount	-	4,076	-	4,076
At 31 December 2014	<u>3,301</u>	<u>96,827</u>	<u>-</u>	<u>100,128</u>

11. SHARE CAPITAL

	<i>Allotted, called up and fully paid 2014 £'000</i>
Ordinary shares of £1 each	
At 1 January 2014 and at 31 December 2014	<u>447,123</u>

The share capital is split equally between 'A' and 'B' shares. The rights for 'A' and 'B' shares rank pari passu in all respects.

12. RESERVES

	<i>Profit & loss account</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Total Shareholders' funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2014	(1,368)	447,123	1,000	446,755
Profit for the year	8,248	-	-	8,248
At 31 December 2014	<u>6,880</u>	<u>447,123</u>	<u>1,000</u>	<u>455,003</u>

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

13. RELATED PARTIES

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into and balances outstanding at 31 December are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	£'000	£'000	£'000	£'000
Statoil ASA				
-2014	60,785	18,826	—	3,824
-2013	68,568	4,611	34	2
Statoil Co-ordination Center NV				
-2014	—	—	—	205,453
-2013	—	—	—	288,618
Statoil (UK) Limited				
-2014	—	144	—	—
-2013	—	163	—	—
Statkraft Treasury Centre SA				
-2014	—	—	—	205,453
-2013	—	—	—	288,618
Statkraft UK Limited				
-2014	52,570	642	—	—
-2013	68,568	1,042	—	—
Statkraft Energi AS				
-2014	—	285	—	—
-2013	—	—	—	—
Statkraft Energy Limited				
-2014	—	1,152	—	—
-2013	—	693	—	—
Statkraft AS				
-2014	—	473	—	56
-2013	1	24	1	24
Statkraft Markets GmbH				
-2014	12,357	6	—	—
-2013	—	—	—	—
UK Green Investment Sheringham Shoal Ltd				
-2014	—	—	—	102,703
-2013	—	—	—	—

Scira Offshore Energy Limited is 40% owned by Statkraft UK Limited, 40% owned by Statoil Petroleum AS and 20% owned by UK GIB Sheringham Shoal Investment Limited.

Statoil Petroleum AS is a wholly owned subsidiary of Statoil ASA, as are Statoil (UK) Limited, Statoil Exploration (Ireland) Limited, Statoil Petroleum AS and Statoil Co-ordination Center SA.

Statkraft Energy Limited, Statkraft UK Limited, Statkraft AS and Statkraft Treasury Centre SA are wholly owned subsidiaries of Statkraft SF.

UK Green Investment Sheringham Shoal Limited (formerly UK GIB Sheringham Shoal Investment Limited) is a wholly owned subsidiary of UK Green Investment Bank plc.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2014

13. RELATED PARTIES (CONTINUED)

During the year Scira Offshore Energy purchased goods and services from Statoil and Statkraft group companies, as per the table above.

The services provided by Statkraft UK Limited and Statkraft Development AS related to the provision of personnel. Statkraft Energy Limited provided operations' services.

The services provided by Statoil UK Limited related to the provision of personnel. Statoil ASA provided both personnel services and the reimbursement of costs incurred for goods bought on behalf of Scira Offshore Energy Limited.

During the year, 48% of the energy generated by Scira Offshore Energy Limited was sold to Statoil ASA, 42% was sold to Statkraft UK Limited and 10% to Statkraft GmbH.

14. LEASE OBLIGATIONS

The future minimum lease payments to which the Company is committed as at the year end were as follows:

	<i>Land and buildings</i>	
	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Operating leases due to expire:		
Within one year	-	-
Between two and five years	-	-
After more than five years	1,036	1,013
	<u>1,036</u>	<u>1,013</u>

Lease payments under the Crown Estate lease in respect of the rental of the sea bed on which the wind farm is located are included at the minimum level stipulated in the lease. The overall rental liability in future years will be variable based on production output.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2014</i>	<i>2013</i>
	<i>£'000</i>	<i>£'000</i>
Opening shareholders' funds	446,755	433,563
Profit for the financial year	8,248	13,192
Closing shareholders' funds	<u>455,003</u>	<u>446,755</u>

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2014

16. NOTES TO THE STATEMENT OF CASH FLOWS

16A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES:

	2014 £'000	2013 £'000
Operating profit	40,753	46,916
Decrease / (increase) in debtors	7,762	(19,063)
(Decrease) in creditors	(99)	(3,925)
(Increase) in inventory	(366)	-
Depreciation	56,524	55,906
Net cash inflow / (outflow) from operating activities	104,574	79,834

16B. ANALYSIS OF NET DEBT:

	2014 £'000	* Restated 2013 £'000
Cash at bank and in hand at 1 January	8,926	58,212
(Decrease) / increase in cash at bank and in hand	223	(49,286)
Cash at bank and in hand at 31 December	9,149	8,926
Loans at 1 January	(769,870)	(830,544)
Decrease / (increase) in loans	66,077	60,674
Loans at 31 December	(703,793)	(769,870)
Net debt at 1 January	(760,944)	(772,332)
Cash flow	66,300	11,388
Net debt at 31 December	(694,644)	(760,944)

* The directors have restated the 2013 comparison to reflect an improved representation by reclassifying interest deemed chargeable on the transmission asset liability together with interest attributable to the Short Term Bridge Credit Facility Agreement (repaid in full during 2013) as an interest payment as opposed to the previous disclosure under financing activity.

Scira Offshore Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2014

16. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

16C. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT:

	2014	* Restated 2013
	£'000	£'000
Increase / (decrease) in cash	223	(49,286)
Cash inflow in loans	66,077	60,674
Change in net debt resulting from cash flows	66,300	11,388
Net debt at 1 January	(760,944)	(772,332)
Net debt at 31 December	(694,644)	(760,944)

17. CAPITAL COMMITMENTS

There are no capital commitments for 2014 (2013: £Nil)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2014

18. FINANCIAL INSTRUMENTS

The Company's financial instruments principally comprised the LTCFA (refer to note 9). The main purpose of financial instruments, where the Company has had them, is to provide finance for the Company's operations.

The Company has an overdraft facility with Nordea Bank Finland plc to a maximum of £10m to provide short term funding of operational activities at an interest rate of seven day GBP LIBOR plus a margin of 0.65% per annum.

Financial assets and liabilities

The Company's policy is to ensure that adequate cash or intercompany funding is available. The Company does not trade in financial instruments and has not entered into any derivative transactions.

Liquidity risks

Liquidity risk arises from the Company's management of working capital and is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash forecasts and plans are updated frequently and reviewed regularly by management and the Board. The Company has short term borrowings, as described in note 9. All loans are repayable on demand.

Interest rate risk profile of financial assets

Cash at bank, where it exists, earns interest at floating rates related to the published rate of the bank. The intercompany loans and receivables are non-interest bearing financial liabilities and assets.

Credit risk

Cash and treasury credit risks, where the Company has available funds to deposit, are mitigated through the exclusive use of institutions that carry acceptable published credit ratings so as to minimise counterparty risk. All intercompany borrowings are non-interest bearing and are repayable on demand.

Capital management

The Company's capital is managed under the terms of an operation and maintenance contract with the Statkraft group. The Company monitors its funding requirements on a monthly basis in order to evaluate the adequacy for any future requirements.

19. CONTINGENCIES

A Letter of Credit for £31.5m guaranteeing the Company's obligations in respect of the contract with Blue Transmission Sheringham Shoal Limited as offshore transmission owner (OFTO) for maintenance of the transmission assets was taken out on 8 January 2015. The value guaranteed reduces on an annual basis over the 20 year period of the maintenance contract.