

REGISTERED NUMBER 07456969 (England and Wales)

TC Ormonde OFTO Limited

Summarised Corporate Report and Regulatory Accounts

31 March 2013

TC Ormonde OFTO Limited

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TC Ormonde OFTO Limited

Forward

Year ended 31 March 2013

TC Ormonde OFTO Limited ("Company") is the holder of an Electricity Transmission Licence granted under the Electricity Act 1989. Under Condition E2 of this licence, the Company is required to prepare and publish annual regulatory accounts setting out the financial position and performance of the regulatory business covered by the licence.

Scope of the regulatory accounts

These summarised regulatory accounts report the financial performance and financial position of the transmission business of the Company for the year ended 31 March 2013.

The Company's principal activity is to own, operate and maintain the assets for the transmission of electricity generated by the Ormonde offshore wind farm. On 10 July 2012, the company purchased the Ormonde wind farm transmission assets including an undersea cable, certain onshore transmission cables and equipment, along with the associated contracts and licences relating to the acquired assets. At the same time, the Company was granted an offshore transmission licence by the Office of Gas and Electricity Market ("Ofgem") with the right to earn availability based income on the transmission assets for a period of 20 years until July 2032.

Relationship of regulatory accounting statements with statutory accounts

The financial information contained in these summarised regulatory accounts does not constitute statutory accounts within the meaning of section 396 of the Companies Act 2006. Statutory accounts of the Company within the meaning of section 396 of the Companies Act 2006 have been delivered to the Registrar of Companies for the Company for the year ended 31 December 2012.

The auditors have made a report under Section 495 of the Companies Act 2006 on those statutory accounts which was unqualified and did not contain a statement under Section 498(2) or (3) of the Act. The auditor's opinion on the statutory accounts of the Company is addressed to, and for the benefit of, the members of each company and not for any other person or purpose. The auditors have clarified, in giving their opinion on those statutory accounts, that they have been prepared for and only for each Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. In giving their opinion, they do not accept or assume responsibility for any other purposes or to any other person to whom their audit report on the statutory accounts is shown or into whose hands it may come save where expressly agreed by their prior consent in writing.

Basis of preparation of regulatory accounting statements

These summarised regulatory accounts are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

These summarised regulatory accounts do not contain any apportionment or allocation of revenues, costs, assets, liabilities reserves or provisions of the Company which are not specifically attributable to the regulatory transmission business.

TC Ormonde OFTO Limited

Operating and Financial Review Year ended 31 March 2013

BUSINESS STRUCTURE AND OBJECTIVES

The ultimate parent of the Company is International Public Partnerships Limited ("INPP"), an infrastructure fund investment company listed on the London Stock Exchange.

On 10 July 2012, the Company purchased the Ormonde wind farm transmission assets including an undersea cable, certain onshore transmission cables and equipment, along with the associated contracts and licences following a successful bid in response to an open tender process overseen by Ofgem. At the same time the Company was granted an offshore transmission licence by Ofgem giving it the right to earn availability based income on the transmission assets for a period of 20 years until July 2032.

The principal legislation forming the regulatory framework for the Company's operations are the Electricity Act 1989, as amended by the Utilities Act 2000 and the Energy Act 2004 and the relevant EU Directives and Regulations. Ofgem is responsible for monitoring compliance with the licence and, where necessary, enforcing them in accordance with the Electricity Act 1989, as amended by the Utilities Act 2000, on behalf of the Gas and Electricity Markets Authority.

The Company's key objectives are to maximise the availability of the transmission system and provide returns to shareholders consistent with its business plan. The Company will achieve these objectives by:

- Managing the asset effectively and controlling costs;
- Outperforming forecast availability targets to earn additional revenues and improve returns to investors.

PERFORMANCE

The table below summarises the financial performance of the Company during the year ended 31 March 2013.

	Year Ended 31/03/13 £'000
Turnover	<u>2,818</u>
Operating profit	<u>237</u>
Net interest receivable	<u>2,170</u>
Profit on ordinary activities before tax	<u><u>2,407</u></u>
Net cash inflow from operating activities	<u><u>1,364</u></u>
Movement in net cash	<u><u>3,235</u></u>

Turnover represents the element of income attributable to the Company's provision of asset management services.

TC Ormonde OFTO Limited

Operating and Financial Review Year ended 31 March 2013

PERFORMANCE (Continued)

Income under the licence is largely fixed for the duration of the revenue generating period providing the transmission assets are available for use, other than in relation to movements in the Retail Price Index ("RPI") or for the recovery of certain expenditure. The regulatory regime does not require periodic determinations of maximum allowed revenues/prices (as is the case for other utility businesses such as those following regulatory asset base models for determining prices). Availability income is not affected by changes in the amount of electricity transmitted. Charges for transmission availability are made to the National Electricity Transmission System Operator.

Operating profit was £237,000 for the year reflecting the profitability on the provision of asset management services.

Net interest income was £2,170,000 for the year reflecting senior debt interest and subordinated debt interest net of interest income on cash deposits and notional interest income on the financial asset. Over the 20 year revenue period changes to interest expense caused by RPI movements are expected to be offset through RPI related changes in revenue.

During the year the Company generated £1,364,000 of cash from operating activities.

The business has performed in line with the Directors' expectations during the current year and the financial position at the balance sheet date is consistent with the Directors' financial projections.

The Directors have forecast the Company's future profits and cash flows over a range of possible future RPI rates and are confident that the Company will be profitable and cash generative over the course of the licence period.

KEY PERFORMANCE INDICATORS

The Directors review the performance of the Company on the basis of following key indicators:

- Availability of the transmission assets is a key performance indicator and directly impacts the revenue earned by the Company. The Company has an availability target set by Ofgem and is entitled to additional revenue if availability is in excess of this level or is charged deductions if availability falls below this level. During the current year under review the Company has outperformed availability ratio targets.
- Long and short term financial covenants set by lenders are regularly reviewed by the Directors. Management forecasts sufficient head room on all financial covenants relating to its long term loan facilities throughout the loan arrangement.
- The Directors regularly review the actual costs and revenues of the Company against budgets. The latest reviews indicate performance which is consistent with management's expectations and targets.

The Company's performance is predominantly driven by the extent to which the transmission assets are made available. The Company will manage availability through a combination of scheduling ongoing operational servicing, maintenance and potential replacement of non-performing equipment.

The Company has entered into contractual arrangements with supply chain providers to pass-through, where possible, the financial consequences of asset unavailability and operating cost changes. The Company has also entered into insurance arrangements to cover certain other insurable events which might impact on the Company's ability to keep the transmission assets available.

TC Ormonde OFTO Limited

Operating and Financial Review Year ended 31 March 2013

KEY PERFORMANCE INDICATORS *(Continued)*

The Company is also incentivised through increased revenue to minimise, subject to necessary maintenance down-time periods, the amount of time the transmission assets are unavailable. Consequently, the Company's management consider availability of the assets as the key non-financial KPI for the business.

The Company does not have any employees. Services are provided by sub-contractors and managed by Transmission Capital Services Limited ("TCS"), a specialist asset manager.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company has funded its acquisition of the underlying transmission assets through a combination of senior and subordinated shareholder loans provided by its immediate parent company OFTO Superholdco Limited ("OFTO Superholdco").

The senior loan is subject to a fixed interest rate to 31 March 2013, and a fixed interest rate indexed in line with movements in RPI for the remainder of the term. The subordinated loan is subject to a fixed interest rate and is also subject to annual indexation in line with movements in RPI over/under a base rate.

The senior loan is repayable in six monthly instalments starting 30 September 2012 and ending on 31 March 2032. The subordinated loan is repayable in full on 30 September 2032.

RISK MANAGEMENT

The Company's principal risks and uncertainties are set out within the Directors' Report. Risk management however also covers other areas of risk that the Company may be exposed to. Management seek to ensure that adequate systems and controls, processes as well as contractual arrangements are in place to mitigate such risks as detailed below. Further details about the Company's internal systems of controls are set out within the Corporate Governance section of this report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, cash flow risk and credit risk. The Company has in place a risk management process that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Liquidity risk

The Company adopts a prudent approach to liquidity and maintains cash reserves to meet its obligations. The nature of the Ormonde offshore transmission concession provides the Company with largely predictable long-term cash flows which reduces the risk of insufficient liquidity.

Cash flow risk

The Company is exposed to RPI risk as its loans and some of its operational costs are RPI-linked. This risk is mitigated as the Company's availability income is also linked to movements in RPI. The Company's borrowings have a fixed rate coupon and accordingly the Company is not exposed to changes in interest rates. These borrowings are also RPI-linked and therefore the underlying RPI-linked income is used to service these loans.

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Operating and Financial Review Year ended 31 March 2013

Cash flow risk (Continued)

All of the Company's cash flows are denominated in sterling hence there is no exposure to currency exchange risk. The Company's debt is long term and at a fixed interest rate amended for movements in RPI thus limiting exposure to interest rate fluctuations. The Company's projected funding requirements have been fully negotiated and agreed with its shareholder for the full required term. The Company maintains cash reserves to ensure sufficient liquidity to meet obligations.

The long-term contractual nature of the licence and key financing arrangements make cash flow forecasting reasonably predictable. The Company regularly reviews cash flow forecasts and actual results against budgets in order to monitor and control financial risk. The Company does not undertake transactions in financial derivative instruments for speculative purposes.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The Company has entered into long-term arrangements with credit worthy counterparties and monitors the risk of credit deterioration on a regular basis.

This concentration of risk is mitigated as the cash flows are secured under licence with National Grid Electricity Transmission plc ("NGET") in its capacity as National Electricity Transmission System Operator. NGET is a protected energy company for the purposes of the Energy Act 2004.

Operational risk management

Availability of the underlying transmission assets is the key driver of the Company's income. Availability in any given period is managed against a pre-set target agreed with Ofgem for the life of the project. Availability income is adjusted on a period by period basis for under/out performance against target. The Company has contracted with specialist sub-contractors and asset managers that are incentivised to optimise availability levels and manage operating costs.

The Company has entered into a number of insurance arrangements to protect the Company against certain risks such as damage to the assets (including where available, protection against consequential business interruption) and third party liability.

The Company is liable for decommissioning costs required for the removal of the offshore platform and sub-sea cable to the extent they would otherwise be a hazard to other sea users, and certain onshore transmission cables and equipment at the end of the licence revenue term. Management reviews the obligation on an ongoing basis and has put in place a programme of mid-term cash reserving to ensure it meets its contractual obligations.

Regulatory risk management

The Company actively monitors and manages its compliance with the OFTO licence and other regulatory requirements. Ultimately, the Company could have its licence terminated or revoked in certain circumstances.

The Company reviews on a regular basis the effectiveness of controls and processes in place to ensure compliance with such requirements which acts to mitigate this risk. This includes quarterly reviews of compliance by a Compliance Committee, with active input from an independent compliance officer.

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Operating and Financial Review Year ended 31 March 2013

EMPLOYEES AND HEALTH AND SAFETY

The Company does not have any direct employees. Services are provided under contract by sub-contractors and managed by a specialist asset manager under a long-term arrangement.

Health and safety ("H&S") is an important priority for the Company. The Company ensures it and its asset manager adopts best practice. The asset manager has adopted the HSG65 approach to its H&S Management System and throughout its policies and procedures in order to comply with legislation, HSE guidance and best-practice for the industry. The H&S Policy is the umbrella policy stating the asset manager's commitment to reducing to as low as reasonably practicable the risk of injury, death or disease to staff, contractors and the public. The Health and Safety Management System (HSMS) goes further to explain the implementation of Plan-Do-Check-Review methods; with detailed reference to HSG65. All further policies and procedures are authorised, approved and reviewed according to the asset manager's Authorisation Procedure and Audit Procedure, and are reviewed by an external Safety Auditor, based on OHSAS 18001 structure. This external safety auditor provides expert and impartial assistance in asset manager's Safety, Health and Environmental (SHE) procedures.

SOCIAL AND ENVIRONMENTAL MATTERS

The Company is committed to integrating environmental best practice into all its business activities. The Company accepts its environmental responsibilities and recognises its obligation to reduce the impact of business activities on the environment. The Company achieves this through a policy of assessing the environmental impacts of any action taken and oversees the performance of works carried out on site in accordance with industry best practice. The asset manager has also adopted the ISO 14001 approach to the effects of its activities upon the environment. The Environmental Policy acts as the umbrella policy to again enable all environmental procedures to be produced, implemented, and improved upon according to the asset manager's in-house procedures.

The nature of the offshore transmission business means that the extent of community related matters are minimal; however the Company does have in place the necessary procedures and policies to ensure compliance with the licence requirements including a complaints procedure designed to address all complaints incorporating any of a community nature.

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Corporate Governance Report Year ended 31 March 2013

The Company is required to include within its regulatory accounts a corporate governance statement which describes how the principles of good corporate governance have been applied and which has the same content as the statement a quoted company is required to prepare.

As wholly owned subsidiaries of INPP, the Company is not subject to the UK Corporate Governance code, but operate within INPP's corporate governance framework.

The Company has its own Board of Directors and separate compliance committee. The ultimate governance of the Company is determined by the governance procedures of INPP. As a listed entity, INPP is required to take account of the UK Corporate Governance Code as revised by the Financial Reporting Council in June 2010 and amended in October 2011 (the UK Code). It is also INPP's policy to comply with best practice on good corporate governance that is applicable to investment companies.

The INPP Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code and the UKLA Listing Rules, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The AIC Code provides a "comply or explain" code of corporate governance designed especially for the needs of investment companies. INPP is a member of the AIC. The Company has reviewed its compliance with the AIC Code (October 2010) and includes in this report any instances where it is not in full compliance. The Financial Reporting Council has confirmed that so far as investment companies are concerned it considers that companies who comply with the AIC Code will be treated as meeting their obligations under the UK Code and Listing Rules.

The following summarises how this governance framework has been applied to the regulatory transmission business.

BOARD AND ASSET MANAGER

The Company is governed by a Board of three Directors including M J Gregory (Chairman). The other Directors that served during the year under review were G J Frost, H L Blaney, and N R Singleton. The Directors bring a combination of financial and operational management experience to the Company. The Directors are appointed by and are employees of Amber Fund Management Limited (the Investment Advisor to INPP) and sister entities within the Amber Infrastructure group. None of the Directors, including the Chairman, have any significant commitments to entities outside of Amber Infrastructure and INPP groups.

The Board meets on a quarterly basis. There are no independent non executive directors. The Board does not have an independent Chairman and during the year meetings were normally chaired by either M J Gregory or G J Frost. Attendance at Board meetings during the year, expressed as number of meetings attended out of number eligible to attend, is set out below.

	Attendance
M J Gregory	3 of 3
G J Frost	2 of 3
N R Singleton	3 of 3

Board members are required to attend meetings regularly in order to ensure they are kept up to date with the business and accordingly can contribute to meetings. Directors are informed of proposed meeting dates well in advance. Directors are sent papers for meetings of the Board from the specialist asset manager, TCS. The Board of TCS reviews operational performance of the Company on a monthly basis. The TCS Board and management team provide a combination of financial, operational, asset management and technical experience to the Company.

TC Ormonde OFTO Limited

Corporate Governance Report Year ended 31 March 2013

BOARD AND ASSET MANAGER (Continued)

The Board also receives quarterly licence compliance reports from the asset manager with input from an independent compliance officer.

The Management Engagement Committee which is a sub-committee of the INPP Board regularly reviews the performance of the Investment Advisor and INPP's other advisors and major service suppliers to ensure that performance is satisfactory and in accordance with the terms and conditions of the relative appointments.

If performance is not of a satisfactory level the INPP Board is able to exercise its rights under the terms and conditions of the relative appointments to remove the Investment Advisor and other advisors and service suppliers.

COMMITTEES

The Company does not have Nomination, Remuneration or Audit Committees. These functions are provided by INPP and their roles relevant to the Company are explained below.

Compliance

All compliance matters are considered on a quarterly basis by the Company's Compliance Committee. In addition, the Company has engaged the services of an independent Compliance Officer to review and report on compliance processes, systems and controls in accordance with the transmission licence.

Nomination

The Board of the Company makes appointments in consultation with its shareholder and in accordance with INPP's procedure for the appointment of directors to subsidiary companies. The details of the INPP Board are set out in its annual report and accounts.

Remuneration

The Directors of each INPP group Company are not separately remunerated in that capacity. The remuneration of any Director, who is also a member of the Board of INPP, is determined by the Board of INPP, as set out in its annual report and accounts.

Audit

Due to the controls and processes performed by the Investment Advisor and the INPP Audit Committee that apply across the INPP group, the Board do not consider a separate Audit Committee for the Company being necessary. The INPP Audit Committee is comprised of the full INPP Board with the exception of G J Frost.

The INPP Audit Committee is responsible for the nomination of external auditors. The Committee is responsible for monitoring the objectivity, independence and effectiveness of the audit process, with particular regard to terms under which the auditor is appointed to perform non-audit services.

Management Engagement

There is no separate Nomination Committee or Remuneration Committee within the group. Instead, the INPP Board's Management Engagement Committee was established to provide a formal mechanism for the review of the performance of INPP's advisors including its Investment Advisor. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointment with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the company's shareholders.

TC Ormonde OFTO Limited

Corporate Governance Report Year ended 31 March 2013

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss.

The nature of the offshore transmission business undertaken by the Company is typically low risk being governed by long-term contractual operating and financing arrangements and an availability based income regime. The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis. The specialist asset manager is also contractually obliged to consider, monitor and report on regulatory, operational and financial issues to the Board.

Internal Control and Audit Committee

The Board of INPP takes overall responsibility for internal control throughout its group operations and in particular in monitoring its effectiveness within its subsidiary companies. The Board of the Company is responsible for its overall management and governance, and for ensuring that it complies with all relevant laws and regulations, including compliance with its Electricity Transmission Licence.

The effectiveness of the system of internal control across the Company is kept under review through the work of the INPP Audit Committee. The INPP Audit Committee considers reports from the auditor, the Investment Advisor and administrator. The main responsibilities of the INPP Audit Committee include reviewing the effectiveness of the internal control systems and making recommendations to the INPP Board regarding the appointment, independence, and remuneration of the auditor.

The INPP Audit Committee is responsible for the nomination of external auditors on behalf of all wholly owned subsidiaries of INPP. The Committee is responsible for monitoring the objectivity, independence and effectiveness of the audit process, with particular regard to the appropriateness of the auditors carrying out certain non-audit services; and the level of audit and non-audit fees paid to auditors. The Company does not have a separate Audit Committee as these functions are dealt with by the INPP Audit Committee.

Internal audit

INPP in common with other investment companies does not have an internal audit function. The INPP Board has considered the need for an internal audit function, but because of the internal control systems in place within the Investment Advisor and administrator, has decided to place reliance on their systems and internal control procedures. The Board has, historically, commissioned a rolling program of independent controls and processes reviews to ensure strong internal systems of control continue to be maintained, as an alternative to requiring a fully resourced in-house internal audit function.

Such reviews are performed on a rolling cycle focusing on different areas of the business including, operations, finance, compliance and origination activity for example.

RELATIONS WITH SHAREHOLDERS

Giles Frost is also a Non-Executive Director of INPP. Through his participation at the Boards of both INPP and the Company, the Board is well placed to identify and facilitate understanding of the views of its ultimate shareholder.

TC Ormonde OFTO Limited

Directors' Report Year ended 31 March 2013

The Directors present their report with the summarised regulatory accounts of the Company for the year ended 31 March 2013. There is no comparative information presented as the Company commenced trading on 10 July 2012 and this is the first year for which Regulatory Accounts have been required to be prepared. The summarised regulatory accounts have been extracted from the full regulatory accounts but with certain disclosures removed as detailed in the basis of preparation paragraph included in note 1 to the summarised regulatory accounts set out on page 19.

The auditor has issued an unqualified opinion on the full regulatory accounts and on the consistency of the directors' report with those accounts.

OWNERSHIP

The ultimate parent of the Company is International Public Partnerships Limited, an infrastructure fund investment company listed on the London Stock Exchange.

PRINCIPAL ACTIVITY

The company's principal activity is to own, operate and maintain the assets for the transmission of electricity generated by the Ormonde offshore wind farm. On 10 July 2012, the company purchased the Ormonde wind farm transmission assets including an undersea cable, certain onshore transmission cables and equipment, along with the associated contracts and licences relating to the acquired assets. At the same time, the company was granted an offshore transmission licence by The Office of Gas and Electricity Market ("Ofgem") with the right to earn availability based income on the transmission assets for a period of 20 years until July 2032.

The Company has funded its acquisition of the underlying transmission assets through a combination of senior and subordinated shareholder loans provided by its immediate parent company OFTO Superholdco.

The principal legislation forming the regulatory framework for the Company's operations are the Electricity Act 1989, as amended by the Utilities Act 2000 and the Energy Act 2004 and the relevant EU Directives and Regulations. Ofgem is responsible for monitoring compliance with the licence and, where necessary, enforcing them in accordance with the Electricity Act 1989, as amended by the Utilities Act 2000, on behalf of the Gas and Electricity Markets Authority.

RESULTS AND DIVIDENDS

The profit for the year amounting to £1,715,000 has been transferred to reserves. The Directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS ("KPIs")

A review of the business is contained in Operating and Financial Review section of this report. The Board of Directors use a number of performance measures to assess the Company's success in meeting its objectives including key performance indicators which are also explained within the Operating and Financial Review section.

TC Ormonde OFTO Limited

Directors' Report Year ended 31 March 2013

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the following risks and uncertainties to be the principal ones that might affect the Company's performance and results; however this may not reflect all of the risks of the Company either because they are currently unknown or assessed to be immaterial based on currently available information or the Company's current risk assessment:

- A decline in revenues as a result of sustained periods of unavailability or unexpected cost increases not covered by insurances or contracted pass-through costs reductions. The Company employs a specialist service provider to ensure availability is within target levels.
- The Company is exposed to changes in RPI as its loans and some of its operational costs are RPI linked. This risk is mitigated as the Company's availability income is also linked to movements in RPI.
- Decommissioning provisions included within long term liabilities represent management's best estimate of costs required to settle decommissioning obligations. Technological or legislative changes may result in variations from current estimates. Management reviews the obligation on an ongoing basis in line with licence requirements and is satisfied with the current level of provision.
- Changes to the regulatory regime including modifications to the licence could negatively impact the Company's financial performance. Ultimately, the licence could be terminated or revoked in certain circumstances of non-compliance or financial distress. Management actively reviews compliance with the licence requirements which acts to mitigate this risk.

The Company also manages its exposure to risk as detailed within the Corporate Governance section of this report.

DIRECTORS

The Directors who held office during the year and up to the date of signing these financial statements are as follows:

G J Frost – appointed 1 December 2010
M J Gregory – appointed 1 December 2010
N R Singleton – appointed 7 February 2012

DIRECTORS' REMUNERATION

During the year ended 31 March 2013 no emoluments were paid to any of the Directors of the Company. There is no direct link of the remuneration of the Directors to performance against service standards.

DIRECTORS' INTEREST

None of the Directors who held office as at 31 March 2013 held any shares directly in the Company.

DIRECTORS' INDEMNITIES

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

TC Ormonde OFTO Limited

Directors' Report Year ended 31 March 2013

CREDITOR PAYMENT POLICY

A significant proportion of the Company's payment obligations are contractual. The Company's policy is to make payments in accordance with its contractual and legal obligations.

CHARITABLE AND POLITICAL DONATIONS

During the year the Company made no charitable or political donations.

ACCOUNTING POLICIES

The Company has adopted appropriate accounting policies in accordance with applicable UK Accounting Standards.

GOING CONCERN

The summarised regulatory accounts have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The Directors have reviewed forecast future profits and cash flows by reference to a financial model covering accounting periods up to 31 December 2032. The Directors have also examined the current status of the Company's principal contracts and likely developments. Having considered the forecast profits, cash flows, and status of principal contracts, in addition to the available financial facilities, the Directors consider that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

The Directors therefore consider that the Company will be able to meet its liabilities as they fall due for the foreseeable future and accordingly that it is appropriate for the summarised regulatory accounts to be prepared on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

ON BEHALF OF THE BOARD:



.....
N R Singleton - Director

31 July 2013

TC Ormonde OFTO Limited

Statement of Directors' Responsibilities Year ended 31 March 2013

The Directors are obliged by Standard Condition E2 of the Company's Transmission Licence to prepare regulatory accounts for each financial year which comply with the requirements set out in Standard Condition E2 (the 'Requirements').

Under the Requirements, the Directors have responsibility for ensuring that:

- the Company and related undertakings keep accounting records and other records as are necessary so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to the transmission business are separately identifiable in the accounting records of the Company from those of any other business;
- the regulatory accounts are prepared on a consistent basis from such accounting records in respect of each financial year and, so far as reasonably practicable the regulatory accounts and information in respect of a financial year have the same content and format as the most recent statutory accounts of the Company;
- the regulatory accounts statements include for the transmission business and in total, a profit and loss account, a statement of total recognised gains and losses, a balance sheet, a cash flow statement, including notes thereto and statement of accounting policies adopted;
- the regulatory accounting statements include, for the transmission business, a corporate governance statement, a directors' report and an operating and financial review, and;
- the regulatory accounts statements show separately and in appropriate detail the amounts of any revenues, costs, assets, liabilities, reserves or provisions that have been charged from or to any other business of INPP, or that have been determined by apportionment or allocation, where they relate to goods or services received or supplied for the purposes of the consolidated transmission business.

In addition, in preparing the regulatory accounting statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 regulatory accounts;
- prepare the regulatory accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the regulatory accounts comply with Standard Condition E2 of the Electricity Transmission Licence as applicable. 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.

Each of the Directors, whose names are listed in the Directors report on page 11, confirms that, to the best of their knowledge:

- the regulatory accounts have been prepared in accordance with the Requirements and fairly present the assets, liabilities, financial position of the Company's electricity transmission business.
- the regulatory accounts are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

Accountant's Report-Agreed Upon Procedures to the members of TC Ormonde OFTO Limited (the "Company")

1. We have performed the procedures agreed with you and set out below with respect to the summarised financial statements of the Company. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in the production of the summarised financial statements and are as follows:
 - a) Obtained the non statutory, summarised financial statements of the Company as at and for the year ended 31 March 2013 from management.
 - b) Agreed that the information reported in the summarised financial statements had been accurately extracted by agreeing all of the numbers and notes appearing in the summarised financial statements, to the complete set of full regulatory financial statements of the Company as at and for the year ended 31 March 2013, dated 31 July 2013.
 - c) Agreed the arithmetical accuracy of the numbers and totals reflected within the summarised financial statements.

2. We report our findings below:
 - a) With respect to item 1(a), we have obtained from management the summarised financial statements of the Company as at and for the year ended 31 March 2013.
 - b) With respect to item 1(b), we note that the summarised financial statements are only extracts of, and do not include all information contained within, the full regulatory financial statements (including the Directors' Report) of the Company dated 31 July 2013. However, all information included in the summarised financial statements has been accurately extracted from the full regulatory financial statements of the Company, as at and for the year ended 31 March 2013, dated 31 July 2013 with the exception of the Note to the financial statements on page 19 which is prepared solely for the summarised financial statements.
 - c) With respect to item 1(c), we have agreed the arithmetical accuracy of the numbers and totals reflected within the financial statements with no exceptions noted.

The directors of the Company are responsible for preparing the summarised financial statements and for determining whether the financial information contained therein is suitable for their needs. The directors of the Company acknowledge that the summarised financial statements do not contain sufficient information to allow as full an understanding of the Company as would be provided by the full regulatory financial statements for the year ended 31 March 2013. The summarised financial statements are not summary financial statements prepared in accordance with the Companies Act 2006.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the summarised financial statements of the Company as at and for the year ended 31 March 2013.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements, we might have identified other issues that would be of relevance to you.

Accountant's Report-Agreed Upon Procedures to the members of TC Ormonde OFTO Limited (the "Company")

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the summarised financial statements and does not extend to any financial statements of the Company, taken as a whole. To the fullest extent permitted by law, we do not assume responsibility to anyone other than the directors of the Company for this report.



Ernst & Young LLP
London

31 July 2013

1. The maintenance and integrity of the Company's web site is the responsibility of the directors and the maintenance and integrity of the Regulator's web site is the responsibility of the Regulator; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Summarised Regulatory Accounts since they were initially presented on the web sites.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and Summarised Regulatory Accounts may differ from legislation in other jurisdictions.

TC Ormonde OFTO Limited

Summarised Profit and Loss Account Year ended 31 March 2013

	Notes	Year Ended 31/03/13 £'000
TURNOVER	2	2,818
Cost of sales		<u>(1,706)</u>
GROSS PROFIT		1,112
Administrative expenses		<u>(875)</u>
OPERATING PROFIT	3	237
Interest receivable and similar income	4	5,948
Interest payable and similar charges	5	<u>(3,778)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,407
Tax on profit on ordinary activities	6	<u>(692)</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u>1,715</u>

CONTINUING OPERATIONS

All items in the above statement derive from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the current year.

TC Ormonde OFTO Limited

Summarised Balance Sheet As at 31 March 2013

	Notes	2013 £'000
CURRENT ASSETS		
Debtors: amounts falling due within one year	7	4,404
Debtors: amounts falling due after more than one year	7	112,955
Cash at bank and in hand		3,235
		<u>120,594</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(5,543)
		<u>115,051</u>
CREDITORS		
Creditors: amounts falling due after more than one year	9	(106,199)
Provisions	10	(7,137)
		<u>1,715</u>
NET ASSETS		1,715
CAPITAL AND RESERVES		
Called up share capital	11	-
Profit and loss account	12	1,715
		<u>1,715</u>
SHAREHOLDER'S FUNDS	13	1,715

The accounts were approved by the Board of Directors on 31 July 2013 and were signed on its behalf by:



.....
G J Frost - Director

Registered number: 07456969

TC Ormonde OFTO Limited

Summarised Cash Flow Statement Year ended 31 March 2013

	Notes	Year Ended 31/03/13 £'000
Net cash inflow from operating activities	14 (a)	<u>1,364</u>
Return on investments and servicing on finance		
Interest received		5,948
Interest paid		(2,713)
Issue costs paid		(234)
		<u>3,001</u>
Capital expenditure and financial investments		
Acquisition of transmission asset		<u>(111,385)</u>
Financing		
Increase in amounts owed to group undertakings		<u>110,255</u>
		<u>110,255</u>
Increase in cash		<u><u>3,235</u></u>
 Reconciliation of net cash flow to movement in net debt		
		Year Ended 31/03/13 £'000
Opening net debt		-
Increase in cash		3,235
Movement in borrowings		(110,255)
Issue costs paid		234
Other non-cash changes		(950)
Closing net debt		<u><u>(107,736)</u></u>

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

1. ACCOUNTING POLICIES

Basis of preparation

The regulatory accounts were prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

The summarised regulatory accounts have been extracted from the full regulatory accounts but do not include the following commercially sensitive disclosures:

- Repayment terms and rates of interest for each debt that is wholly or partly repayable later than five years from the balance sheet date;
- Detail and the fair value of its interest rate and RPI swaps;
- Details of amounts charged and outstanding balances with related parties

The full corporate report and regulatory accounts had an unqualified report and has been provided to the Authority. The principal accounting policies are set out below and have been applied consistently throughout the year.

Going concern

The summarised regulatory accounts have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have reviewed forecast future profits and cash flows by reference to a financial model covering accounting periods up to 31 December 2032. The Directors have also examined the current status of the Company's principal contracts and likely developments. Having considered the forecast profits, cash flows, and status of principal contracts, in addition to the available financial facilities, the Directors consider that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The Directors therefore consider that the Company will be able to meet its liabilities as they fall due for the foreseeable future and accordingly that it is appropriate for the financial statements to be prepared on a going concern basis.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. The following policies must also be met before revenue is recognised:

Asset management fees

Revenue from the provision of asset management services is recognised as contract activity progresses at a mark up on related costs to reflect the value of work performed.

Asset management recharges

Revenue from asset management recharges is recognised at the contractually agreed mark up for each service as it is provided.

Interest receivable on finance debtor

Revenue in relation to the finance debtor is recognised as finance income at a project specific rate to generate a constant rate of return on the finance debtor over the life of the contract.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Deferred tax

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 tax or to receive more tax, with the following exception:

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

1. ACCOUNTING POLICIES (*Continued*)

Deferred tax (*Continued*)

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Borrowings and finance costs

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

The company's borrowings comprise two indexed linked loans provided by the company's immediate parent undertaking. The amount of payments required under these loan agreements is contingent on movements in the RPI. In accordance with FRS 4 finance costs are allocated over the term of the debt at a constant rate on the carrying amount.

Finance debtor

The Company has adopted the provisions of Financial Reporting Standard 5 (Application Note F) in determining the appropriate treatment of the asset of the Company. After due consideration, the Company has accounted for the attributable expenditure as a finance debtor. In accounting for costs as a finance debtor, the acquisition price of all attributable assets such as the subsea and land cable plus decommissioning costs is included in the cost of the finance debtor. The asset-related unitary charge will be allocated between repayment of the finance debtor and finance income at the project specific rate.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle that obligation and it can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect of the time value of money is material.

Investments

Investments are stated at cost less provision for any impairment in value.

Related party disclosures

The Company is a wholly-owned subsidiary of International Public Partnerships Limited and is therefore included in its consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption in Financial Reporting Standard 8, paragraph 3c not to disclose transactions with other group companies which are wholly owned by the ultimate controlling party.

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

2. TURNOVER

An analysis of turnover by class of business is given below:

	Year Ended 31/03/13 £'000
Asset management fees	1,412
Asset management recharges	1,406
	<u>2,818</u>

All turnover is derived from operations in the United Kingdom.

3. OPERATING PROFIT

	Year Ended 31/03/13 £'000
Operating profit is stated after charging:	
Auditor's remuneration for statutory audit services	19
Auditor's remuneration for other services	14
	<u>14</u>

The Directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the Company.

The Company has no employees and hence there were no staff costs for the year ended 31 March 2013.

The regulatory accounts do not include any revenues, costs, assets, liabilities, reserves or provisions that have been charged from or to any other business of INPP, or that have been determined by apportionment or allocation, where they relate to goods or services received or supplied for the purposes of the consolidated transmission business.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31/03/13 £'000
Bank interest receivable	24
Finance debtor interest	5,924
	<u>5,948</u>

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31/03/13 £'000
Loan interest and indexation	3,654
Amortisation of issue costs	8
Unwinding of discount on provision	115
Other finance charges	1
	<u>3,778</u>

6. TAXATION

Analysis of the tax charge

The tax charge for the year is analysed as follows:

	Year Ended 31/03/13 £'000
Deferred tax:	
- Origination and reversal of timing differences	692
Tax on profit on ordinary activities	<u>692</u>

Factors affecting the current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31/03/13 £'000
Profit on ordinary activities before tax	<u>2,407</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24%.	578
Effects of:	
- Expenses not deductible for tax purposes	141
- Accelerated capital allowances and other timing differences	(1,835)
- Increase in tax losses carried forward	1,116
Current tax charge for the year	<u>-</u>

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

6. TAXATION (Continued)

Factors that may affect future tax changes

The UK corporation tax rate reduced to 24% from April 2012 and to 23% from April 2013. A further 2% reduction was proposed in the December 2012 Autumn Statement, taking the rate to 21% by April 2014. In addition, a further 1% reduction was proposed in the March 2013 budget, taking the rate to 20% by April 2015. As at the balance sheet date, only the first 1% tax reduction from April 2013 had been "substantively enacted" and hence in accordance with accounting standards, it is only the impact of this 1% reduction that has been reflected in the Company's financial statements as at 31 March 2013. The rate changes will impact the amount of future tax payments to be made by the Company.

The effect on the Company of the further proposed reductions in the UK corporation tax rate will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted. The effect of the reduction in the tax rate to 20% on the Company's deferred tax liability would be to reduce the deferred tax liability by £90,000. The rate changes will also impact the amount of future tax payments to be made by the Company.

7. DEBTORS

	2013 £'000
Amounts falling due within one year:	
Finance debtor	2,832
Prepayments and accrued income	1,572
	<u>4,404</u>
Amounts falling due after more than one year:	
Finance debtor	<u>112,955</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000
Trade creditors	146
Amounts owed to group undertakings	4,772
VAT	482
Accruals	143
	<u>5,543</u>

Amounts owed to group undertakings are stated net of issue costs of £12,000.

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013
	£'000
Amounts owed to group undertakings	<u><u>106,199</u></u>

Amounts owed to group undertakings are stated net of issue costs of £214,000.

Amounts owed to group undertakings represent two loans from the company's immediate parent undertaking OFTO Superholdco.

The senior loan is subject to a fixed interest rate to 31 March 2013, and a fixed interest rate indexed in line with movements in RPI for the remainder of the term. The subordinated loan is subject to a fixed interest rate and is also subject to annual indexation in line with movements in RPI over/under a base rate.

Loans from group undertakings are presented net of issue costs which are being amortised at a constant rate on the carrying value of the loans. The senior loan is repayable in six monthly instalments starting 30 September 2012 and ending on 31 March 2032. The subordinated loan is repayable in full on 30 September 2032.

The senior intercompany loan is secured by a fixed and floating charge over all property and assets of the company to the extent permitted by the terms of the Transmission Licence, the Crown Estate Lease, the Onshore Lease Agreement or any applicable law or regulation.

The maturity profile of amounts owed to group undertakings, included within creditors, is analysed as follows:

	2013
	£'000
Wholly repayable within five years	22,388
Wholly repayable after more than five years	88,809
	<u>111,197</u>
Less: issue costs	(226)
	<u><u>110,971</u></u>

10. PROVISIONS

	Decommissioning provision £'000	Deferred tax £'000	Total £'000
At 1 April 2012	-	-	-
Created in the year	6,330	-	6,330
Charged to the profit and loss account	-	692	692
Unwinding of discount on provision	115	-	115
At 31 March 2013	<u><u>6,445</u></u>	<u><u>692</u></u>	<u><u>7,137</u></u>

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

10. PROVISIONS (Continued)

Decommissioning

The provision for decommissioning relates to the decommissioning and related management costs for the necessary removal of the transmission cables equipment. The timing of the expenditure will depend upon the life of the wind farm, but it has been assumed that this is expected to occur at the end of the initial licence period in 2032.

The timing and amounts settled in respect of these provisions are uncertain and dependent on various factors that are not always within management's control:

- The timing of decommissioning is contingent upon any re-powering of the offshore wind farm and therefore the potential for the transmission assets to be used beyond the initial licence revenue term. In such circumstances, the costs for decommissioning would be expected to be deferred until such time as would be agreed in any subsequent term. However, the current assumption is that it is too uncertain to assume the wind farm will be repowered and, therefore decommissioning costs have been assumed to be incurred at the earliest most likely date.
- The amounts of costs to be incurred at the time of decommissioning have been estimated based upon expected costs of decommissioning. However, given the time frame for the incurring of such costs, the level of provision is reviewed on a periodic basis. The current decommissioning provision represents the present value of expected future cash flows which are estimated to settle the entity's future obligations in relation to decommissioning.

Deferred tax

The deferred tax liability consists of:

	2013 £'000
Accelerated capital allowances	1,758
Tax losses	(1,066)
	<u>692</u>

11. CALLED UP SHARE CAPITAL

	2013 £
Alloted and fully paid 1 ordinary share of £1 each	<u>1</u>

12. RESERVES

	Profit and loss account £'000
Profit for the financial year	1,715
At 31 March 2013	<u><u>1,715</u></u>

TC Ormonde OFTO Limited

Notes to the Summarised Regulatory Accounts Year Ended 31 March 2013

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £'000
Profit for the financial year	1,715
Net increase in shareholder's funds	1,715
Opening shareholder's funds	-
Closing shareholder's funds	1,715

14. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	Year Ended 31/03/13 £'000
Operating profit	237
Increase in debtors	(9)
Increase in creditors	771
Other non-cash movements	365
Net cash inflow from operating activities	1,364

b) Analysis of changes in net debt

	At 1 April 2012 £'000	Cash Flows £'000	Other Non Cash Changes £'000	At 31 March 2013 £'000
Cash at bank and in hand	-	3,235	-	3,235
Amounts owed to group undertakings	-	(110,021)	(950)	(110,971)
	-	(106,786)	(950)	(107,736)

15. ULTIMATE CONTROLLING PARTY

The Directors regard OFTO Superholdco Limited, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey, as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited which include the company, can be obtained from Heritage International Fund Managers Limited, Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.