

TC Gunfleet Sands Holdco Limited

Summary Corporate Report & Regulatory Accounts

For the period from 22 September 2010 to 31 March 2012

Registered number: 7384462

TC Gunfleet Sands Holdco Limited

Summary Corporate Report & Regulatory Accounts For the period ended 31 March 2012

	Page
Company information	1
Foreword	2
Directors' report	3
Operating and financial review	6
Corporate governance report	11
Statement of directors' responsibilities	16
Independent auditor's statement	17
Summarised Group consolidated profit loss account	18
Summarised Group consolidated balance sheet	19
Summarised Company balance sheet	20
Summarised Group consolidated cash flow statement	21
Notes to the summary regulatory accounts	22

TC Gunfleet Sands Holdco Limited

Company information

For the period ended 31 March 2012

DIRECTORS:

G J Frost
M J Gregory
N R Singleton

SECRETARY:

Ms A E Woods

REGISTERED OFFICE:

Two London Bridge
London
SE1 9RA

REGISTERED NUMBER:

7384462 (England and Wales)

AUDITORS:

Ernst & Young LLP
Statutory Auditor
London

TC Gunfleet Sands Holdco Limited

FOREWORD

These summary consolidated regulatory accounts report the financial performance and financial position of the consolidated transmission business of TC Gunfleet Sands Holdco Limited and TC Gunfleet Sands OFTO Limited for the period from incorporation on 22 September 2010 to 31 March 2012.

TC Gunfleet Sands OFTO Limited was granted an offshore transmission licence by The Office of Gas and Electricity Market ("Ofgem") on 19 July 2011. Also on 19 July 2011, TC Gunfleet Sands Holdco Limited, the parent company to TC Gunfleet Sands OFTO Limited, secured shareholder and external debt finance and on-lent this to TC Gunfleet Sands OFTO Limited to enable it to acquire the relevant electricity transmission assets required to operate as the offshore electricity transmission operator at Gunfleet Sands.

TC Gunfleet Sands Holdco Limited continues to provide the ongoing finance facilities to TC Gunfleet Sands OFTO Limited. TC Gunfleet Sands Holdco Limited and TC Gunfleet Sands OFTO Limited are managed together on a unified, consolidated transmission business basis. The directors consider this aids transparency and reflects the commercial substance of the arrangements. The terms and conditions concerning the external debt facilities including asset security, covenants and protections provided to senior lenders is also monitored and controlled on a unified, consolidated business basis. The results of the transmission business have therefore also been presented within these summary regulatory accounts on a consolidated basis to reflect the performance and financial position of the consolidated transmission business for the period up to 31 March 2012.

TC Gunfleet Sands Holdco Limited

DIRECTORS' REPORT

These are summarised regulatory accounts, which are extracted from the full corporate report and regulatory accounts but with certain disclosures removed as included in the basis of preparation paragraph in note 1.

The auditor has issued unqualified reports on the full regulatory accounts and on the consistency of the directors' report with those accounts. Their report on the full regulatory accounts was unqualified.

INCORPORATION

TC Gunfleet Sands Holdco Limited ("the company") and its principal subsidiary TC Gunfleet Sands OFTO Limited (together "the group") were incorporated on 22 September 2010 and commenced trading on 19 July 2011.

OWNERSHIP

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

PRINCIPAL ACTIVITY

TC Gunfleet Sands Holdco Limited is the immediate parent undertaking of TC Gunfleet Sands OFTO Limited. The principal activity of the company in the period under review was the raising of finance and the provision of such finance to TC Gunfleet Sands OFTO Limited to fund its acquisition and the ongoing maintenance of the Gunfleet Sands wind farm transmission assets. On 19 July 2011, TC Gunfleet Sands OFTO Limited was granted an offshore transmission licence by The Office of Gas and Electricity Market ("Ofgem") giving it the right to earn availability based income for a 20 year period.

The principal legislation forming the regulatory framework for the group'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.

On 19 July 2011 the group acquired the transmission assets (including undersea cable, an offshore platform and certain onshore transmission cables and equipment together with associated contracts and licences relating to the acquired assets) following a successful bid in response to an open tender process overseen by Ofgem. The group financed the acquisition of the transmission assets through a combination of equity and non-recourse long-term bank loans and subordinated shareholder loans. This is consistent with the requirements of the regulatory framework and the objectives of the INPP group.

BUSINESS REVIEW 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 group's success in meeting its objectives including key performance indicators which are also explained within the Operating and Financial Review section of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

TC Gunfleet Sands Holdco Limited

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES - *Continued*

- a decline in the revenues of the group as a result of sustained periods of unavailability or unexpected cost increases not covered by insurances or contracted pass-through costs reductions. The group employs a specialist service provider to manage availability levels within target levels.
- the group is exposed to RPI risk as some of its loans and operational costs are RPI-linked. This risk is mitigated as the group's availability income is also linked to movements in RPI. In addition, the company has entered into a floating to fixed RPI swap whereby it has swapped a portion of its RPI-linked income in order that it can service its bank term loan.
- 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 the 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 group'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 group also manages its exposure to risk as detailed within the Corporate Governance section of this report.

RESULTS AND DIVIDENDS

Net loss after tax for the financial period of £0.1 million has been transferred to reserves. The directors are unable to recommend the payment of a dividend.

DIRECTORS

The directors who have held office during the period from 22 September 2010 to the date of this report are as follows:

G J Frost - appointed 22 September 2010

M J Gregory - appointed 22 September 2010

N R Singleton - appointed 7 February 2012

H L Blaney - appointed 22 September 2010 - resigned 21 January 2011

DIRECTORS' REMUNERATION

During the period ended 31 March 2012 no emoluments were paid to any of the directors of the group.

DIRECTORS' INTEREST

None of the directors who held office as at 31 March 2012 held any shares directly in the group.

DIRECTORS' INDEMNITIES

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

TC Gunfleet Sands Holdco Limited

DIRECTORS' REPORT

CREDITOR PAYMENT POLICY

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

CHARITABLE AND POLITICAL DONATIONS

During the current period the group made no charitable or political donations.

ACCOUNTING POLICIES

The group have adopted appropriate accounting policies in accordance with applicable UK Accounting Standards.


GOING CONCERN BASIS

The directors of the company have reviewed the group's projected profits and cash flows by reference to a financial model covering accounting periods up to 31 December 2032. They have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having considered the financial facilities available to the group, the directors consider that the group will be able to meet its liabilities as they fall due for the foreseeable future and accordingly that it is appropriate for the 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 company's 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 a 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:


.....

G J Frost - Director

Date: 8/1/12

TC Gunfleet Sands Holdco Limited

OPERATING AND FINANCIAL REVIEW

OPERATING AND FINANCIAL PERFORMANCE

The table below provides the key financial performance during the period ended 31 March 2012.

	Period ended 31 March 2012 £'000
Turnover	2,183
Operating profit	<u>311</u>
Net interest	<u>(302)</u>
Profit before tax	9
Net cashflow from operating activities	<u>149</u>
Net cash movement	<u>5,059</u>

Total availability income represents the maximum allowed transmission owner revenue for the period, after taking into account adjustments for inflation, pass through items and performance adjustments. Turnover represents the element of income attributable to the group's provision of asset management services as contract activity progresses.

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 increases in inflation or specific incentive payments. 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 System Operator.

Operating profit was £311,000 for the period reflecting profitability on the provision of FM services.

Net interest expense was £302,000 for the period reflecting senior debt interest and subordinated debt interest net of interest income on cash deposits and notional interest income on the financial asset. Variable rate interest in relation to the senior debt service has been hedged through an interest rate swap. Interest in relation to the subordinated debt is indexed in line with changes in RPI. 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 period the group generated £149,000 of cash from operating activities, received external bank and inter-group loans of £58,897,000 and used this to acquire the transmission assets for £53,919,000.

TC Gunfleet Sands Holdco Limited

OPERATING AND FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

The group's management reviews the performance of the group on the basis of following key indicators:

- availability of the transmission assets is a key indicator and directly impacts the revenue earned by the group. The group 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 period under review the group has out-performed availability ratio targets.
- long and short term financial covenants in relation to the group's loans are regularly reviewed by the directors. Management forecasts sufficient head room on all financial covenants relating to its long term loan facilities.
- the directors regularly review actual costs and revenues of the group against budgets. The latest reviews indicate performance which is consistent with management's expectations and targets.

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

The group 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 group has also entered into insurance arrangements to cover certain other insurable events which might impact on the group's ability to keep the transmission assets available. However, the group ultimately retains risk for example in relation to uninsured risks.

The group 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 group's management consider availability of the assets the key non-financial KPI for the business.

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

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The group has funded its acquisition of the underlying transmission assets through a combination of senior and subordinated loans. Interest in relation to the senior bank loan has been hedged through an interest rate swap. The hedging agreement fixes the interest rate to which a stepped margin is added. The senior loan is repayable in six-monthly instalments commencing on 30 September 2011 and ending on 30 September 2030.

The company has also received a subordinated loan from its shareholder. The subordinated loan has a fixed interest and is unsecured. This loan is repayable in two instalments on 30 September 2031 and 31 March 2032. This loan is subject to RPI-linked indexation over/under a fixed base rate.

TC Gunfleet Sands Holdco Limited

OPERATING AND FINANCIAL REVIEW

RISK MANAGEMENT

The group's principal risks and uncertainties are set out within the Directors' Report. Risk management however also covers other areas of risk that the group 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 group's internal systems of controls are set out within the Corporate Governance section of this report.

Financial risk management

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

Liquidity risk

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

Cash flow risk

The group is exposed to interest rate risk in respect of its floating rate senior debt. The company has entered into a floating to fixed interest rate swap in order to mitigate this risk.

The group is exposed to RPI risk as some of its loans and operational costs are RPI-linked. This risk is mitigated as the group's availability income is also linked to movements in RPI. In addition the company has entered into a floating to fixed RPI swap whereby it has swapped a portion of its RPI-linked income in order that it can service its senior term loan. The company's inter-company borrowing from immediate parent OFTO Superholdco Limited has a fixed rate coupon and accordingly the group is not exposed to changes in interest rates. This inter-company borrowing is also RPI-linked, and therefore underlying RPI-linked income is used to service this loan.

All of the group cash flows are denominated in sterling hence there is no exposure to currency exchange risk. The group's debt is long term and either at fixed interest rates or hedged through the use of interest rate swaps thus limiting exposure to interest rate fluctuations. The group's projected funding requirements have been fully negotiated and agreed with lending banks for the full required term. The group 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 group regularly reviews cash flow forecasts and actual results against budgets in order to monitor and control financial risk.

The group 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 group has entered into long-term arrangements with credit worthy counterparties and monitors the risk of credit deterioration on a regular basis. The group's credit risk is concentrated as income receivable by the company's subsidiary, TC Gunfleet Sands OFTO Limited is entirely generated from the availability of the transmission assets. 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.

TC Gunfleet Sands Holdco Limited

OPERATING AND FINANCIAL REVIEW

RISK MANAGEMENT (Cont.)

Operational risk management

Availability of the underlying transmission assets is the key driver of the group'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 group has contracted with specialist sub-contractors and asset managers that are incentivised to optimise availability levels and manage operating costs.

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

The group is liable to cover decommissioning costs required for the removal of offshore platforms, sub-sea cables 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 group actively monitors and manages its compliance with the OFTO licence and other regulatory requirements. Ultimately, Gunfleet Sands OFTO Limited could have its licence terminated or revoked in certain circumstances.

The group 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.

EMPLOYEES AND HEALTH AND SAFETY

The group 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 is an important priority for the group. The group 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.

TC Gunfleet Sands Holdco Limited

OPERATING AND FINANCIAL REVIEW

SOCIAL AND ENVIRONMENTAL MATTERS

The group is committed to integrating environmental best practice into all its business activities. The group accepts its environmental responsibilities and recognises its obligation to reduce the impact of business activities on the environment. The group 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 group 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.

TC Gunfleet Sands Holdco Limited

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE POLICY

The ultimate parent company of the TC Gunfleet Holdco Limited and TC Gunfleet Sands OFTO Limited group ("the OFTO group") is International Public Partnerships Limited ("INPP"), an infrastructure investment fund listed on the London Stock Exchange. The OFTO group has its own board of directors and separate compliance committee. The ultimate governance of the OFTO group 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 the INPP's policy to comply with best practice on good corporate governance that is applicable to investment companies.

As such, 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.

Board and Asset Manager Meetings

The company is governed by a board of three directors including Mr. M Gregory (Chairman). The other directors that served during the period under review were Mr. G Frost, Mr. H Blaney and Mr. N R Singleton. The directors bring a combination of financial and operational management experience to the OFTO group. The directors are appointed by and 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 to review operational and financial performance, risk, compliance, and strategy for the OFTO group. Since their individual appointments, each of the directors have attended all of the quarterly board meetings.

As part of its quarterly review, the directors receive relevant reports from the specialist asset manager, Transmission Capital Services Limited ("TCS"). The board of TCS reviews operational performance of the group on a monthly basis. The TCS board and management team provide a combination of financial, operational, asset management and technical experience to the OFTO group.

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

The International Public Partnerships Limited Board

The INPP Board currently consists of five non-executive directors who demonstrate a breadth of investment and business experience. As the Chairman of the Board is an independent non-executive and there are no executive directors, the Board considers it unnecessary to appoint a senior independent director.

TC Gunfleet Sands Holdco Limited

CORPORATE GOVERNANCE REPORT

The International Public Partnerships Board (cont.)

One third of the directors retire by rotation at every AGM with the exception of Mr. G Frost, who is not considered independent being an employee of an entity within the Amber Fund Management group. Mr. G Frost stands for re-election by shareholders on an annual basis. Any directors appointed to the INPP Board since the previous AGM also retire and stand for re-election. The Chairman and the independent directors take the lead in any discussions relating to the appointment or re-appointment of directors taking into account the expertise of the candidates and their independence.

The INPP Board meets at least four times a year and in addition there is regular contact between the INPP Board, the Investment Advisor and an independent corporate administrator/company secretary. The INPP Board requires to be supplied in a timely manner with information by the Investment Advisor, the company secretary and other advisors in a form and of a quality appropriate to enable it to discharge its duties. This includes executive summary information in relation to the performance of each of its investments including in relation to the OFTO group.

The Management Engagement Committee which is a sub-committee of the INPP Board regularly reviews the performance of the Investment Advisor and the 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.

An evaluation of the performance of individual directors and the Chairman was carried out during the year which concluded that the INPP Board is performing satisfactorily in the six areas reviewed: INPP Board composition and meeting process, INPP Board information, training, INPP Board dynamics, INPP Board accountability and effectiveness and the performance of the Chairman.

The INPP Board is committed to maintaining the appropriate balance of skills, knowledge and experience among its members to ensure strong leadership of INPP. When appointing INPP Board members, its priority will always be one of meritocracy, but will be influenced by the strong desire to maintain INPP Board diversity, including gender. The INPP Board currently has one female director, out of its five members, which has been the gender ratio almost since inception of INPP.

New directors receive an induction from the administrator and the Investment Advisor on joining the INPP Board, and in consultation with the Chairman all Directors are entitled to receive other relevant ongoing training as necessary.

The table below lists INPP Directors' attendance at meetings during the year, to the date of this report.

Director Name	Quarterly INPP Board (max 4)	Ad-hoc INPP Board (max 9)	Audit Committee (max 3)	Management Engagement Committee (Max 1)
K Dorrian ^{1,4}	4	6	3	1
R Dorey	4	8	3	1
G Frost ²	4	0 (max 0) ³	n/a	n/a
C Goodwin	4	9	3	1
J Whittle	4	7	3	0

¹ Mr. K Dorrian absent for part of the year for health reasons.

² Mr. G Frost is not a member of the Audit Committee or Management Engagement Committee.

³ Mr. G Frost does not attend Ad-hoc INPP Board Meetings as a director where recommendations from the Investment Advisor are under consideration.

⁴ Mr. K Dorrian is Chairman of the Board.

TC Gunfleet Sands Holdco Limited

CORPORATE GOVERNANCE REPORT

No member of the INPP Board has served for longer than 6 years to date. As such no issue has arisen to be considered by the INPP Board with respect to long tenure. When and if any director shall have been in office (or on re-election would at the end of that term of office) for more than 9 years INPP will consider further on this matter as to whether there is any risk that such director might reasonably be deemed to have lost independence through such long service. The INPP Board does not consider it appropriate or necessary for all directors to be re-elected annually. As such, Mr R. Dorey will retire in 2012 (as a result of the retirement by rotation provisions in the Articles of Association) and Mr G. Frost will also retire as a result of the UKLA Listing Rules and both will stand for re-election.

The International Public Partnerships Management Committee

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 the company'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.

The International Public Partnerships Audit Committee

The INPP Audit Committee is comprised of the full INPP Board with the exception of Mr Frost. As a consequence the Chairman is a member of the INPP Audit Committee, which the INPP Board believes is appropriate as Mr Dorrian brings significant independent expertise in investment trusts and finance to the Committee which it believes is beneficial for the Committee.

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 OFTO group being necessary.

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.

Compliance Committee

All compliance matters are considered on a quarterly basis by the TC Gunfleet Sands OFTO Limited Compliance Committee. In addition, the company has engaged the services of an entirely independent Compliance Officer to review and report on compliance processes, systems and controls in accordance with the transmission licence.

INPP DIRECTORS' DUTIES AND RESPONSIBILITIES

The INPP directors have adopted a set of Reserved Powers, which establish the key purpose of the INPP Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure
- Approval of investment decisions
- Strategic matters and financial reporting
- INPP Board composition and accountability to shareholders
- Risk assessment and management, including reporting, compliance, monitoring, governance and control
- Other matters having material effects on INPP

These Reserved Powers of the INPP Board have been adopted by the directors to demonstrate clearly the seriousness with which the INPP Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions. The INPP Board's Reserved Powers document is available upon request.

TC Gunfleet Sands Holdco Limited

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL, RISK MANAGEMENT AND FINANCIAL REPORTING

The directors acknowledge that they are responsible for establishing and maintaining the group'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.

Identification, evaluation and monitoring of risks and control

The nature of the offshore transmission business undertaken by the group 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 group 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.

The effectiveness of the system of internal control across the group 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 Committee is also responsible for monitoring objectivity and effectiveness of the audit process, with particular regard to terms under which the auditor is appointed to perform non-audit services.

Risks are monitored and reviewed by the Audit Committee. The Audit Committee is able to engage Ernst & Young to perform agreed upon procedures based control and process testing work to test the operation of control procedures.

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, however, commissioned a rolling program of independent controls and processes reviews and reporting by Ernst & Young to the Board to ensure strong internal systems of control continue to be maintained, as an alternative to requiring a fully resourced in-house internal audit function.

AUDITOR INDEPENDENCE AND OBJECTIVITY

The INPP Audit Committee is responsible for the nomination of the external auditors. As highlighted within the Audit Committee section above, the committee has particular consideration to the provision of non-audit services. INPP and the auditors have safeguards in place to avoid the possibility that auditors' independence and objectivity could be compromised.

TC Gunfleet Sands Holdco Limited

CORPORATE GOVERNANCE REPORT

RELATIONS WITH SHAREHOLDERS

The ultimate shareholder of the group is INPP. The INPP Board receives regular reports on the views of shareholders and the INPP Chairman and other directors make themselves available to meet shareholders. The Investment Advisor meets with major shareholders on a regular basis and reports to the INPP Board on these meetings. The Annual General Meeting of INPP provides a forum for shareholders to meet and discuss issues with the directors and with the Investment Advisor. To promote a clear understanding of INPP, its objectives and financial results, the INPP Board aims to ensure that information relating to INPP is disclosed in a timely manner, including through the use of RNS announcements and the INPP website.

TC Gunfleet Sands Holdco Limited

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the regulatory accounts in accordance with applicable law and regulations.

Standard Condition E2 of the electricity transmission licence requires the directors of the licensee to prepare and publish regulatory accounts, for each regulatory year which present fairly the assets, liabilities, reserves and provisions of or reasonably attributable to, the company and of the revenues, costs and cashflows of, or reasonably attributable to the transmission business for the period. In preparing the regulatory accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements;
- 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 group and enable them to ensure that the regulatory accounts comply with the Companies Act 2006 and Standard Condition E2 of the Electricity Transmission Licence as applicable. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's statement to the Gas and Electricity Markets Authority (referred to as "The Authority") and the Members of TC Gunfleet Sands Holdco Limited

We have examined the summary regulatory accounts for the period ended 31 March 2012 which comprises the Summarised Consolidated Profit and Loss Account, the Summarised Consolidated Balance Sheet, the Summarised Company Balance Sheet, the Summarised Consolidated Cash Flow Statement and the related notes 1 to 16.

This statement is made solely to the Authority and the company's members, as a body, in accordance with our engagement letter dated 24 July 2012 and addendum dated 31 July 2012 in order to meet the requirements of the Electricity Transmission Licence ("the Regulatory Licence"). Our audit work has been undertaken so that we might state to the Authority and the company's members those matters we are required to state to them in an auditors' statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the company and the company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of the Authority, the Directors and Auditors

The directors are responsible for preparing the summary regulatory accounts in accordance with the Regulatory Licence and the accounting policies set out on pages 22 and 23.

Our responsibility is to report to you our opinion on the consistency of the summary regulatory accounts within the summary corporate report and regulatory accounts with the full corporate report and regulatory accounts that have been submitted to the Authority.

We also read the other information contained in the summary corporate report and regulatory accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary regulatory accounts. The other information comprises only the Company Information, Foreword, Directors' Report, Operating and Financial Review and the Corporate Governance Report.

We conducted our work having regard for Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full corporate report and regulatory accounts describes the basis of our opinion on those regulatory accounts and on the Directors' Report.

Opinion

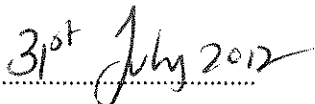
In our opinion the summary regulatory accounts are consistent with the full corporate report and regulatory accounts of TC Gunfleet Sands Holdco Limited for the period ended 31 March 2012.



.....
Ernst & Young LLP

London

Date:



TC Gunfleet Sands Holdco Limited (Registered number: 7384462)

Summarised consolidated profit and loss account for the period 22 September 2010 to 31 March 2012

	Notes	£'000
TURNOVER	2	2,183
Cost of sales		<u>(1,078)</u>
GROSS PROFIT		1,105
Administrative expenses		(794)
OPERATING PROFIT	3	<u>311</u>
Interest receivable and similar income	4	2,856
Interest payable and similar charges	5	<u>(3,158)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9
Tax on profit on ordinary activities	6	(125)
LOSS FOR THE FINANCIAL PERIOD		<u><u>(116)</u></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 loss for the current period.

The notes form part of these financial statements

TC Gunfleet Sands Holdco Limited (Registered number: 7384462)

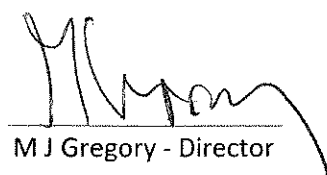
Summarised consolidated balance sheet

31 March 2012

	Notes	2012 £'000
CURRENT ASSETS		
Debtors: amounts falling due within one year	8	2,446
Debtors: amounts falling due after more than one year	8	57,516
Cash at bank		7,051
		<u>67,013</u>
CREDITORS		
Amounts falling due within one year	9	(3,930)
NET CURRENT ASSETS		<u>63,083</u>
CREDITORS		
Amounts falling due after more than one year	10	(57,953)
PROVISIONS FOR LIABILITIES		11
		(5,246)
NET LIABILITIES		<u>(116)</u>
CAPITAL AND RESERVES		
Called up share capital	12	-
Profit and loss account	13	(116)
SHAREHOLDER'S DEFICIT		<u>(116)</u>

The financial statements were approved by the Board of Directors on 31/3/12 and were signed on its behalf by:


G J Frost - Director


M J Gregory - Director

The notes form part of these financial statements

TC Gunfleet Sands Holdco Limited (Registered number: 7384462)

Summarised company balance sheet

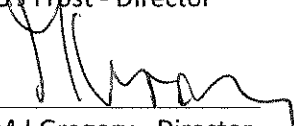
31 March 2012

	Notes	2012 £'000
FIXED ASSETS		
Fixed asset investments	7	-
CURRENT ASSETS		
Debtors: amounts falling due within one year	8	2,374
Debtors: amounts falling due after more than one year	8	56,690
Cash at bank		3,481
		<u>62,545</u>
CREDITORS		
Amounts falling due within one year	9	(3,333)
NET CURRENT ASSETS		
		<u>59,212</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
		59,212
CREDITORS		
Amounts falling due after more than one year	10	(57,953)
NET ASSETS		
		<u><u>1,259</u></u>
CAPITAL AND RESERVES		
Called up share capital	12	-
Profit and loss account	13	1,259
SHAREHOLDER'S FUNDS		
	16	<u><u>1,259</u></u>

The financial statements were approved by the Board of Directors on 31/3/12 and were signed on its behalf by:



 G J Frost - Director



 M J Gregory - Director

The notes form part of these financial statements

TC Gunfleet Sands Holdco Limited (Registered number: 7384462)

**Summarised consolidated cash flow statement
for the period ended 31 March 2012**

	Notes	£'000
Net cash inflow from operating activities	15	<u>149</u>
Return on investments and servicing on finance		
Interest received		2,856
Interest paid		<u>(932)</u>
		<u>1,924</u>
Taxation		
Tax paid		<u>-</u>
Capital expenditure and financial investments		
Acquisition of transmission assets		<u>(53,919)</u>
Financing		
Bank loans drawn		48,862
Subordinated debt drawn		<u>10,035</u>
		<u>58,897</u>
Increase in cash		<u><u>7,051</u></u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase in cash		7,051
Cash inflow from increase in loans		(58,897)
Repayment of long-term loans		-
Change in net debt resulting from cash flows		<u>(51,846)</u>
Other movements		<u>(420)</u>
Movement in net debt		<u>(52,266)</u>
Net debt at 22 September 2010		<u>-</u>
Net debt at 31 March 2012		<u><u>(52,266)</u></u>

The notes form part of these financial statements

**Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012**

1. ACCOUNTING POLICIES

Basis of preparation

The full regulatory accounts were prepared under the historical cost convention and in accordance with UK accounting standards and applicable law and in accordance with condition E2 of the Group's regulatory licence. The summary 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.

Preparation of summary consolidated regulatory accounts

The summary regulatory accounts consolidate the financial statements of TC Gunfleet Sands Holdco Limited and its subsidiary undertaking TC Gunfleet Sands OFTO Limited, drawn up to 31 March 2012.

No profit and loss account is presented for TC Gunfleet Sands Holdco Limited as permitted by section 408 of the Companies Act 2006.

Revenue recognition

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

Asset management services

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

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.

Interest bearing loan and borrowings

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. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount. The index-linked subordinated intercompany loan is subject to annual indexation in line with RPI over/under a fixed base rate. The effective interest rate is calculated using indexation in relation to the reporting period of the group's index-linked loan.

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:

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 differences 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 or substantively enacted at the balance sheet date.

**Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012**

1. ACCOUNTING POLICIES - *Continued*

Finance debtor

The group has adopted the provisions of FRS 5 (Application Note F) in determining the appropriate treatment of the principal asset of the group. After due consideration, the group 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 offshore substation, subsea and land cables plus decommissioning costs, is included in the cost of the finance debtor. The asset-related unitary charge is allocated between repayment of the finance debtor and finance income at the project specific rate.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle that obligation.

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.

Going Concern

The regulatory accounts have been prepared on the going concern basis which assumes that the group will continue in operational existence for the foreseeable future. The directors believe the going concern basis to be appropriate as the group has committed banking facilities over the life of the project. Further details of funding arrangements are provided in note 10 of the regulatory accounts. The directors have also reviewed forecast future profits and cash flows by reference to a financial model covering accounting periods up to 31 December 2031. The directors consider that the group will be able to meet its liabilities as they fall due for the foreseeable future and accordingly that it is appropriate for the regulatory accounts to be prepared on a going concern basis.

Financial instruments

The group uses a derivative financial instrument, an interest rate swap, to hedge its exposure to fluctuations in interest rates. Interest differentials on this derivative financial instrument are recognised, net of interest payable on the related financial liability, in the profit and loss account in the period to which it relates.

The group does not revalue the interest rate swap to fair value.

The group uses a derivative financial instrument, an RPI swap, to hedge its exposure to fluctuations in the RPI rate. RPI differentials on this derivative financial instrument are recognised, net of RPI indexation receivable on the related financial asset in the profit and loss account in the period to which it relates.

The group does not revalue the RPI swap to fair value.

Investments

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

Related party disclosures

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

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

2. TURNOVER

	£'000
Asset management fees	1,320
Asset management recharges	863
	<u>2,183</u>

All turnover is derived from operations in the United Kingdom.

3. OPERATING PROFIT

	£'000
Operating profit is stated after charging:	
Auditor's remuneration for statutory audit services	14
Auditor's remuneration for other services	14
	<u>28</u>

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

The group has no employees and hence there were no staff costs for the period ended 31 March 2012.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	£'000
Bank interest	6
Finance debtor interest	2,850
	<u>2,856</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	£'000
Loan interest and indexation	2,926
Bank charges	21
Amortisation of issue costs	88
Finance charges	37
Unwinding of discount on provision	86
	<u>3,158</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	£'000
Deferred tax (see note 11)	125
Tax on profit on ordinary activities	<u>125</u>

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

6. TAXATION - *Continued*

Factors affecting the current group tax charge

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

	£'000
Profit on ordinary activities before tax	9
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26%	2
Effects of:	
Permanent differences	133
Accelerated capital allowances	(793)
Losses carried forward	658
Current tax charge	-

Factors that may affect future tax charges

The UK corporation tax rate reduced to 26% from April 2011. Further reductions of 1% in each of the next three years were proposed in the March 2011 budget, taking the rate to 23% by April 2014. In the budget of 21 March 2012, this proposal was amended such that the rate reduced to 24% from April 2012, to be followed to a subsequent 1% reduction in each of the next two years taking the rate to 22%, by April 2014. As at the balance sheet date, only the 2% tax reduction from April 2012 had been 'substantively enacted' and hence in accordance with accounting standards, it is only the impact of this 2% reduction that has been reflected in the group's regulatory accounts as at 31 March 2012.

The effect on the group of the further proposed reductions in the UK corporation tax rate will be reflected in the group's regulatory accounts in future years, as appropriate, once the proposals have been substantively enacted.

The effect of the reduction in the tax rate to 22% on the group's deferred tax liability would be to reduce the deferred tax liability by £10,000. The rate changes will also impact the amount of future tax payments to be made by the group.

7. INVESTMENTS

Company
£'000

Fixed asset investments -

The company holds 100% of the issued share capital (£1) of TC Gunfleet Sands OFTO Limited, a company incorporated in the United Kingdom.

8. DEBTORS

Group Company
£'000 £'000

Amounts falling due within one year:

Amounts owed by group undertakings	-	2,374
Finance debtor	1,438	-
Prepayments and accrued income	1,008	-
	<u>2,446</u>	<u>2,374</u>

Amounts falling due after more than one year:

Amounts owed by group undertakings	-	56,690
Finance debtor	57,516	-
	<u>57,516</u>	<u>56,690</u>

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

8. DEBTORS *continued*

Amounts owed by group undertakings represent loans made to the company's subsidiary undertaking, TC Gunfleet OFTO Limited. Loans to group undertakings are presented net of issue costs which are written back to the profit and loss account at a constant rate on the carrying amount of the debt receivable.

The senior intercompany loan is receivable in six-monthly instalments starting on 30 September 2011 and ending on 30 September 2030. The subordinated intercompany loan is receivable in two instalments on 30 September 2031 and 31 March 2032.

The company has entered into an RPI swap to convert a portion of its RPI-linked income to fixed rate income.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company
	£'000	£'000
Trade creditors	372	-
Other creditors	12	-
VAT payable	206	-
Amounts owed to group undertakings	686	686
Accrued expenses	1,276	1,269
Bank loan	1,378	1,378
	3,930	3,333

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

	Group	Company
	£'000	£'000
Amounts owed to group undertakings	10,305	10,305
Bank loan	47,648	47,648
	57,953	57,953

Bank borrowings relate to a term loan facility granted by a syndication of financial institutions on 19 July 2011. The loan facility is for a total value of £52.08 million. The tranche A facility of £50.08 million was fully drawdown at 31 March 2012. The tranche B facility of £2 million remains undrawn at 31 March 2012. Loan issue costs in respect of the drawn facility have been deducted from the gross proceeds of the bank borrowings and are being amortised over the period of the facility as part of the finance costs in accordance with the provisions of FRS 4.

The term loan is payable in six-monthly instalments commencing on 30 September 2011 and ending on 30 September 2030. Interest is charged on amounts drawn under the facility based on the floating LIBOR rate. The company has entered into an interest rate swap, fixing the LIBOR interest rate to a fixed rate. This loan is secured by a charge over the share capital of TC Gunfleet Holdco Limited and TC Gunfleet OFTO Limited.

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - *Continued*

The group has also received a subordinated loan from its shareholder. The subordinated loan has a fixed interest rate and is unsecured. This loan is repayable in two instalments on 30 September 2031 and 31 March 2032. The subordinated loan is subject to RPI-linked indexation over/under a fixed base rate.

Repayment schedule of the loans:	£'000	£'000	£'000
	Gross repayments	Issue cost unamortised	Net Repayments
Wholly repayable within five years	6,287	(415)	5,872
Not wholly repayable within five years	54,126	(681)	53,445
Total loans	60,413	(1,096)	59,317

11. PROVISIONS FOR LIABILITIES

	Group £'000
Deferred tax	125
Provision for decommissioning	5,121
	5,246

	Group deferred tax £'000
Charge to profit and loss account during period	125
Balance at 31 March 2012	125

Deferred tax liability consists of:

Accelerated capital allowances	733
Tax Losses	(608)
	125

There is no unprovided deferred tax for the period.

The provision for decommissioning relates to the decommissioning and related management costs for the necessary removal of onshore and offshore transmission cables and substation equipment expected to occur at the end of the initial licence revenue period in 2032. The estimated cost has been included within the financial debtor, recoverable over the life of the initial licence revenue period.

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

11. PROVISIONS FOR LIABILITIES - *Continued*

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 of use 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 re-powered and, therefore decommissioning costs have been assumed to be incurred at the earliest most likely date.

- The amount 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 an annual basis. The current decommissioning provision represents the present value of expected future cash flows which are estimated to settle the group's future obligations in relation to decommissioning.

	Group
	£'000
Opening as at 22 September 2010	-
Created during the period	5,035
Unwinding of discount	86
Closing as at 31 March 2012	<u><u>5,121</u></u>

12. CALLED UP SHARE CAPITAL

Allotted and issued:			Company
Number	Class	Nominal Value	£
1	Ordinary	£1	<u><u>1</u></u>

1 Ordinary share of £1 was allotted at par during the period.

13. RESERVES

	Group	Company
	Profit and	Profit and
	loss	loss
	account	account
	£'000	£'000
(Loss)/Profit for the period	(116)	1,259
At 31 March 2012	<u><u>(116)</u></u>	<u><u>1,259</u></u>

14. ULTIMATE CONTROLLING PARTY

The directors regard OFTO Superholdco Limited, a company incorporated in England and Wales as the immediate parent undertaking 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.

Notes to the summarised regulatory accounts
for the period 22 September 2010 to 31 March 2012

15. NOTES TO SUMMARISED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities	£'000
Group operating profit	311
Increase in prepayments and accrued income	(1,008)
Increase in creditors	591
Increase in amounts payable to group	244
Increase in accrued expenses	11
Net cash inflow from operating activities	<u>149</u>

(b) Analysis of net debt

	At 22 September 2011	Cash flows	Other non cash movements	At 31 March 2012
	£'000	£'000	£'000	£'000
Cash at bank and in hand	-	7,051		7,051
Loans	-	(58,897)	(420)	(59,317)
	-	<u>(51,846)</u>	<u>(420)</u>	<u>(52,266)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group	Company
	£'000	£'000
(Loss)/Profit for the financial period	(116)	1,259
Net (decrease)/ increase in shareholder's (deficit)/funds	(116)	1,259
Opening shareholder's funds	-	-
Closing shareholder's (deficit)/funds	<u>(116)</u>	<u>1,259</u>