

**Registered Number: 03275445**

**Centrica Renewable Energy Limited**

**Annual report and Financial Statements  
For the year ended 31 December 2014**

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# **Centrica Renewable Energy Limited**

## **Annual report and Financial Statements for the year ended 31 December 2014**

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# **Centrica Renewable Energy Limited**

## **Strategic report for the year ended 31 December 2014**

The Directors present the Strategic report of the Company for the year ended 31 December 2014.

### **Principal activities**

The principal activities of the Company during the year were:

- (a) The holding of investments in subsidiary companies that are developing or operating wind farms;
- (b) The holding of an investment in a joint venture that was developing wind farms; and
- (c) The provision of management services, operational services and support services to joint ventures;

The Company's activity occurred wholly within the United Kingdom.

### **Review of business**

During June 2014, the Company and joint shareholder DONG Energy Wind Power Holdings A/S agreed that Celtic Array Limited request The Crown Estate to end its offshore wind zone agreement to allow it to cease development activity. On 31 July 2014, The Crown Estate announced that it agreed to Celtic Array Limited's request. The Company has consequently fully impaired its investment of £29,484,000 in Celtic Array Limited.

On 31 October 2014, as part of an internal reorganisation by the ultimate parent company, the trade and assets of Centrica (DSW) Limited were transferred to the Company. The transfers took place in exchange for £1 consideration. The trade of Centrica (DSW) Limited will be taken on by the Company from this date. Centrica (DSW) Limited's principal activity was the development, construction and operation of an offshore wind farm. During 2012, application for consent to further develop the site was declined.

On 19 December 2014, the Company sold its 50% holding in Barrow Offshore Wind Limited to DONG Energy Power (UK) Limited, a company registered in England and Wales. The proceeds of this transaction were £31,650,000 and a loss on disposal of £7,044,000 was recognised.

### **Future Developments**

There are no plans to change the nature of activities in the foreseeable future.

### **Principal risks and uncertainties**

The Company's principal risks are the ability of its subsidiaries and joint venture to make loan repayments and to pay dividends when appropriate. These risks are driven by the availability and technical performance of the wind turbines and ancillary equipment.

# **Centrica Renewable Energy Limited**

## **Strategic report for the year ended 31 December 2014 (continued)**

### **Key performance indicators**

The Directors of the Centrica plc group ("the Group") use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 18-19 of the 2014 Centrica plc Annual Report and Accounts which does not form part of this report.

This Strategic report was approved by the Board on 23 June 2015.



By order of the board for and on behalf of:  
Centrica Secretaries Limited  
Company Secretary

Company registered in England and Wales No. 03275445

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica Renewable Energy Limited**

## **Directors' report for the year ended 31 December 2014**

The Directors present their report and the audited financial statements of Centrica Renewable Energy Limited ("the Company") for the year ended 31 December 2014.

### **Future developments**

Future developments of the Company are commented on in the Strategic report on page 1.

### **Financial risk management**

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed. The most significant risks faced by the Company in 2014 related to liquidity risk and counterparty credit risk:

- Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with other Centrica group companies.
- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits.
- At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment.

### **Results and dividends**

The results of the Company are set out on page 8. The loss for the financial year ended 31 December 2014 was £45,682,000 (2013: profit of £30,370,000). No dividends were paid for the year ended 31 December 2014 (2013: £nil). The Directors do not recommend the payment of a final dividend (2013: £nil).

### **Financial position**

The financial position of the Company is presented in the balance sheet on page 9. Shareholders' funds at 31 December 2014 were £117,920,000 (2013: £163,602,000).

### **Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Centrica plc. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after these financial statements are signed.

# Centrica Renewable Energy Limited

## Directors' report for the year ended 31 December 2014 (continued)

### Directors

The following served as directors during the financial year and up to the date of signing this report:

R M McCord	
S P Redfern	
T C Murphy	(Appointed 24 March 2014)
J E Knight	(Appointed 1 January 2014, Resigned 24 October 2014)
G S Collinson	(Resigned 1 January 2014)
G A Evans	(Resigned 24 March 2014)
P Koch De Gooreynd	(Appointed 2 February 2015)

### Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the financial year under review. The insurance does not provide cover in the event that a director is proved to have acted fraudulently.

### Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# **Centrica Renewable Energy Limited**

## **Directors' report for the year ended 31 December 2014 (continued)**

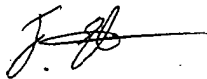
### **Disclosure of information to auditors**

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This Directors' report was approved by the Board on 23 June 2015.



By order of the board for and on behalf of:  
Centrica Secretaries Limited  
Company Secretary

Company registered in England and Wales No. 03275445

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica Renewable Energy Limited**

## **Independent auditors' report to the members of Centrica Renewable Energy Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Centrica Renewable Energy Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Centrica Renewable Energy Limited's financial statements comprise:

- Balance sheet as at 31 December 2014;
- Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

#### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



# **Centrica Renewable Energy Limited**

## **Independent auditors' report to the members of Centrica Renewable Energy Limited (continued)**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark King (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

June 2015

# Centrica Renewable Energy Limited

## Profit and loss account for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover		16,362	55,955
Cost of sales	3	(7,196)	(43,835)
<b>Gross profit</b>		<b>9,166</b>	<b>12,120</b>
Administrative expenses	3	(20,019)	(18,030)
<b>Operating loss before exceptional items</b>		<b>(10,853)</b>	<b>(5,910)</b>
Exceptional item - impairment of other debtor	3, 13	(1,486)	(4,009)
Exceptional item - impairment of joint venture	3, 11	(29,484)	-
<b>Operating loss</b>		<b>(41,823)</b>	<b>(9,919)</b>
(Loss)/profit on disposal of joint venture	11	(7,044)	36,821
Income from shares in Group undertakings	8	2,125	5,704
Interest payable and similar charges	6	(1,538)	(3,860)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(48,280)</b>	<b>28,746</b>
Tax on (loss)/profit on ordinary activities	7	2,598	1,624
<b>(Loss)/profit for the financial year</b>	17	<b>(45,682)</b>	<b>30,370</b>

The Company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial years stated and their historical cost equivalents.

All activities relate to continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

# Centrica Renewable Energy Limited

## Balance sheet as at 31 December 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	9	3,311	3,477
Investments in subsidiaries	10	50,381	50,381
Investment in joint ventures	11	-	63,892
		<u>53,692</u>	<u>117,750</u>
<b>Current assets</b>			
Debtors - amounts falling due within one year	12	74,037	56,281
Debtors - amounts falling due after more than one year	13	1,000	2,334
Asset for resale		-	150
		<u>75,037</u>	<u>58,765</u>
<b>Creditors - amounts falling due within one year</b>	14	<u>(3,163)</u>	<u>(6,303)</u>
<b>Net current assets</b>		<u>71,874</u>	<u>52,462</u>
<b>Total assets less current liabilities</b>		<u>125,566</u>	<u>170,212</u>
<b>Provisions for liabilities</b>	15	<u>(7,646)</u>	<u>(6,610)</u>
<b>Net assets</b>		<u><u>117,920</u></u>	<u><u>163,602</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Profit and loss account	17	117,919	163,601
<b>Total shareholders' funds</b>	18	<u><u>117,920</u></u>	<u><u>163,602</u></u>

The notes on pages 10 to 23 form part of these financial statements.

The financial statements on pages 8 to 23 were approved and authorised for issue by the Board of Directors on 23 June 2015 and were signed on its behalf by:



**Richard McCord**  
Director

Company No. 03275445

# **Centrica Renewable Energy Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **1 Principal accounting policies**

#### **Accounting principles**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies are set out below.

Accounting policies have been applied consistently, other than where new policies have been adopted.

#### **Basis of preparation**

The Directors believe that the going concern basis is applicable for the preparation of the financial statements as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due.

#### **Turnover**

Turnover consists substantially of income receivable from the Company's related parties GLID Wind Farms TopCo Limited, Lincs Wind Farm Limited, Celtic Array Limited and Barrow Offshore Wind Limited for managerial, operational and support services provided. The income is recognised as the service is provided. The Company's activity occurred wholly within the United Kingdom.

#### **Cost of sales**

Cost of sales includes those costs directly incurred in the provision of management and support services.

#### **Administrative expenses**

Administrative expenses include those costs which relate to the day-to-day operations of the business.

#### **Investments**

Fixed asset investments are shown at historic cost less any provision for impairment. Investments consist of equity interests in subsidiaries, joint ventures and shareholder loans made to the joint ventures.

#### **Profit or loss on disposal of joint ventures**

On disposal of a joint venture, any amount of goodwill attributed to that entity is included in the determination of the profit or loss on disposal.

#### **Income from joint ventures and subsidiaries**

Dividends receivable are recognised for interim dividends when they are paid, and for final dividends, when they are approved by shareholders.

# **Centrica Renewable Energy Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **1 Principal accounting policies (continued)**

#### **Tangible fixed assets**

Assets in the course of construction represent the cost of purchasing, commissioning, constructing and installing tangible fixed assets ahead of their productive use. When the assets are brought into use, the associated costs will be transferred to different asset classes, and the assets will begin to be depreciated on a straight-line basis over their useful economic life.

Leasehold improvements comprises building, machinery, fixtures, fittings and hardware assets associated with the base of operations that provides maintenance and storage services to the joint venture wind farms. These assets are included in the balance sheet at historic cost, less accumulated depreciation. Depreciation is charged on fixed assets at rates calculated to write off the cost of each asset less the residual value on a straight-line basis over its expected useful life as follows for these asset classes:

- Leasehold improvements: up to 25 years

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

#### **Foreign currency**

The financial statements of the Company are presented in sterling, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date, and movements are included in the profit and loss account.

#### **Taxation**

Current tax being UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# **Centrica Renewable Energy Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **1 Principal accounting policies (continued)**

#### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of net realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

#### **Goodwill**

In the absence of specific guidance under UK GAAP, the Company has adopted an accounting policy which records acquisitions of a business from another group company using the principals of merger accounting prospectively from the date of the transaction. Where the business is transferred from a subsidiary company, the investment in the subsidiary has been reclassified to goodwill since the company has suffered no loss of value as a result of the business transfer. Where the business of the subsidiary was to solely act as an investment holding company, the investment in the subsidiary is reclassified to the cost of the acquired shares as opposed to goodwill as the Directors believe that this reflects the economic reality of the transaction.

#### **Loans receivable**

Loans receivable are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the loan. They are subsequently carried at amortised cost using the effective interest rate method less any allowance for estimated impairments. A provision is established for impairments where there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the loan. Interest income, together with losses when the loans are impaired, is recognised in the profit and loss account.

#### **Loans payable**

Loans payable are initially recognised at the fair value of the consideration received, after deduction of transaction costs that are directly attributable to the issue of the loan.

### **2 Consolidated financial statements, cash flow statements and related party disclosures**

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from the need to prepare group financial statements offered under Section 400 of the Companies Act 2006. Similarly the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other wholly-owned companies that are part of the Centrica plc group.

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 3 Operating loss

	2014 £000	2013 £000
<b>Operating loss is stated after charging:</b>		
Depreciation of tangible assets	125	125
Recharges from other Centrica group companies	4,433	6,522
Contractor costs	2,390	5,635
Operating lease costs - charter of a vessel	-	27,411
Payments for upgrade of crane - release of prepaid costs (note 13)	-	3,711
Other cost of sales	248	431
<b>Total cost of sales</b>	<b>7,196</b>	<b>43,835</b>
Depreciation of tangible assets	93	107
Recharges from other Centrica group companies	15,578	14,423
Contractor costs	357	422
Operating leases - land and buildings	241	211
Payments for upgrade of crane - write off of prepaid costs (note 13)	78	-
Other administrative expenses	3,672	2,867
<b>Total administrative expenses</b>	<b>20,019</b>	<b>18,030</b>
Exceptional item - impairment of joint venture (note 11)	29,484	-
Exceptional item - impairment of other debtor (note 13)	1,486	4,009

Auditors' remuneration totalling £20,000 (2013: £20,000) relates to fees for the audit of the UK GAAP statutory financial statements of Centrica Renewable Energy Limited. Auditors' remuneration totalling £1,000 (2013: £38,000) relates to non-audit work in respect of the Company.

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 4 Directors' emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £42,901 (2013: £14,654). The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services was £4,825 (2013: £1,878). The aggregate compensation payments paid to directors in respect of loss of office were £nil (2013: £nil). There were 2 directors (2013: 2) to whom retirement benefits are accruing under a defined benefit pension scheme. There were 3 directors (2013: 1) to whom retirement benefits are accruing under money purchase pension schemes. There were 2 directors (2013: 2) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme. There were 2 directors (2013: 1) who exercised share options relating to the ultimate parent company. Some of these costs were borne by other Centrica group companies.

### 5 Employee information

The Company has no employees and no staff costs (2013: £nil). Any costs relating to employees are borne by other Centrica group companies.

### 6 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to other Group undertakings	1,071	3,429
Other interest payable	467	431
	<u>1,538</u>	<u>3,860</u>

Interest payable to other Group undertakings is accrued at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.69% and 1.90% per annum during 2014 (2013: 2.34% and 3.19%).

Other interest payable is interest accrued during the year on a £4,000,000 payable to Lincs Renewable Energy Holdings Limited as described in note 15.



# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7 Tax on profit on ordinary activities

	2014 £000	2013 £000
<b>(a) Analysis of tax charge in the year</b>		
The tax charge comprises:		
<b>Current tax:</b>		
United Kingdom corporation tax at 21.49% (2013: 23.25%)	(2,705)	(1,484)
<b>Deferred tax:</b>		
Effect of change to corporation tax rate	(4)	15
Origination and reversal of timing differences	54	(149)
Adjustments in respect of prior years	57	(6)
<b>Total tax on loss/profit on ordinary activities</b>	<b>(2,598)</b>	<b>(1,624)</b>

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

The tax assessed for the year differs (2013: differs) from that calculated at the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(48,280)</b>	<b>28,746</b>
Tax on loss/profit on ordinary activities at standard UK corporation tax rate of 21.49% (2013: 23.25%)	(10,375)	6,683
Effects of:		
Expenses not deductible for tax purposes	8,181	4,766
Capital allowances in excess of depreciation	(8)	34
Movement in short term timing differences	(46)	116
Income not subject to tax	-	(11,764)
Income from shares in Group undertakings not subject to tax	(457)	(1,326)
UK:UK transfer pricing adjustment	-	7
<b>Total current tax credit</b>	<b>(2,705)</b>	<b>(1,484)</b>

The main rate of corporation tax was reduced from 23% to 21% from 1 April 2014. A further reduction to reduce the rate to 20% from 1 April 2015 was substantively enacted in Finance Act 2013 on 2 July 2013 and have been reflected within these financial statements.

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Income from shares in Group undertakings

	2014 £000	2013 £000
Dividends received	<u>2,125</u>	<u>5,704</u>

Barrow Offshore Wind Limited paid ordinary dividends of £2,125,000 on 21 August 2014 (2013: £5,704,000).

### 9 Tangible assets

	Leasehold improvements £000	Total £000
<b>Cost</b>		
As at 1 January 2014	3,709	3,709
Additions	52	52
<b>As at 31 December 2014</b>	<u><b>3,761</b></u>	<u><b>3,761</b></u>
<b>Accumulated depreciation and impairment losses</b>		
As at 1 January 2014	232	232
Charge for the year	218	218
<b>At 31 December 2014</b>	<u><b>450</b></u>	<u><b>450</b></u>
<b>Net book value</b>		
<b>At 31 December 2014</b>	<u><b>3,311</b></u>	<u><b>3,311</b></u>
At 31 December 2013	<u>3,477</u>	<u>3,477</u>

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 10 Investments in subsidiaries

	Investments in subsidiaries £000
<b>Cost</b>	
As at 1 January 2014	55,681
As at 31 December 2014	<u>55,681</u>
<b>Impairment</b>	
As at 1 January 2014	5,300
As at 31 December 2014	<u>5,300</u>
<b>Net book value</b>	
As at 31 December 2014	<u>50,381</u>
As at 31 December 2013	<u>50,381</u>

On 31 October 2014, as part of an internal reorganisation by the ultimate parent company, the trade and assets of Centrica (DSW) Limited were transferred to the Company. The transfers took place in exchange for £1 consideration.

At the 31 December 2014 the carrying value of GLID Limited was £48,384,000 (2013:£48,384,000) and Centrica (Lincs) Wind Farm Limited was £1,997,000 (2013: £1,997,000).

The Directors believe that the carrying value of the investments is supported by the value of their underlying net assets and estimated future cash flows.

The investments in subsidiaries at 31 December 2014 represent the whole of the ordinary share capital of the following subsidiaries, all incorporated in England and Wales:

Name	Principal activity
GLID Limited	Investment in renewable energy joint venture
Centrica (Lincs) Wind Farm Limited	Investment in renewable energy joint venture
Centrica (DSW) Limited	Non-trading
Centrica (BOW) Limited	Dormant
Centrica (Lincs) Topco Limited	Dormant

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 11 Investment in joint ventures

	Total £000
<b>Cost and net book value</b>	
As at 1 January 2014	63,892
Additions	3,850
Disposals	(38,258)
Impairment	(29,484)
<b>As at 31 December 2014</b>	<b>-</b>

The investment in joint ventures at 31 December 2014 represents 50% interests in the ordinary share capital of Celtic Array Limited which is incorporated in England and Wales:

The remaining shares of Celtic Array Limited are controlled by a company whose ultimate parent undertaking is DONG Energy A/S. Celtic Array Limited made a loss after taxation of £43,073,000 in year ended 31 December 2014 (2013: profit of £637,000). The equity shareholders' funds at 31 December 2014 were £12,152,000 (2013: £47,525,000).

During June 2014, the Company and joint shareholder DONG Energy Wind Power Holdings A/S agreed that Celtic Array Limited request The Crown Estate to end its offshore wind zone agreement to allow it to cease development activity. On 31 July 2014, The Crown Estate announced that it agreed to Celtic Array Limited's request. The Company has consequently fully impaired its investment of £29,484,000 in Celtic Array.

On 19 December 2014, the Company sold its 50% holding in Barrow Offshore Wind Limited to DONG Energy Power (UK) Limited, a company registered in England and Wales. The proceeds of this transaction were £31,650,000 and a loss on disposal of £7,044,000 was recognised.

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 12 Debtors – amounts falling due within one year

	2014 £000	2013 £000
Trade debtors	137	2,588
Amounts owed by other Group undertakings	69,027	44,070
Amounts owed by GLID Wind Farms TopCo Limited and subsidiaries (note 20)	2,159	929
Amounts owed by Lincs Wind Farm Limited (note 20)	2,063	3,620
Amounts owed by Celtic Array Limited (note 20)	144	287
Other debtors	501	2,113
Prepayments and accrued income	6	2,674
	<u>74,037</u>	<u>56,281</u>

The amounts receivable from Group undertakings includes a payable of £6m (2013: £87m) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.69% and 1.90% per annum during 2014 (2013: 2.34% and 3.19%). The other amounts owed by Group undertakings are interest-free, including a payable of £37m (2013: £40m). All amounts receivable or payable from Group undertakings are unsecured and repayable on demand.

### 13 Debtors – amounts falling due after more than one year

	2014 £000	2013 £000
Other debtors	<u>1,000</u>	<u>2,334</u>

Other debtors includes amounts the Company expects to recover in respect of costs incurred on the upgrade of a vessel previously chartered by the Company. This is recoverable over a two year period to 31 December 2016 from a share of fees from third party charters entered into by the vessel owner.

The recoverability is dependent on estimated future charter rates and utilisation of the vessel. The carrying value of the other debtors, including amounts falling due within one year, has been assessed for recoverability resulting in an impairment of £1,486,000 in 2014 (2013: impairment of £4,009,000).

## **Centrica Renewable Energy Limited**

### **Notes to the financial statements for the year ended 31 December 2014 (continued)**

#### **14 Creditors – amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>595</b>	<b>357</b>
Value Added Tax	<b>176</b>	<b>404</b>
Amounts owed to other Group undertakings	<b>-</b>	<b>25</b>
Other creditors	<b>1,326</b>	<b>344</b>
Accruals and deferred income	<b>1,066</b>	<b>5,173</b>
	<b><u>3,163</u></b>	<b><u>6,303</u></b>

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 15 Provision for liabilities

	Other provisions £000	Deferred tax provision £000	Total £000
As at 1 January 2014	6,701	(91)	6,610
Profit and loss charge	2,129	107	2,236
Utilisation	(1,200)	-	(1,200)
<b>As at 31 December 2014</b>	<b>7,630</b>	<b>16</b>	<b>7,646</b>

#### Deferred taxation

	As at 1 January 2014 £000	Profit and loss charge/(credit) £000	As at 31 December 2014 £000
Deferred corporation tax			
- accelerated capital allowances	9	7	16
- other timing differences	(100)	100	-
	<b>(91)</b>	<b>107</b>	<b>16</b>

Deferred corporation tax provision / (asset) at 21.49% (2013: 23.25%) is analysed as follows:

	Provided		Unprovided	
	2014 £000	2013 £000	2014 £000	2013 £000
Deferred corporation tax				
- accelerated capital allowances	16	9	-	-
- other timing differences	-	(100)	-	-
	<b>16</b>	<b>(91)</b>	<b>-</b>	<b>-</b>

#### Other provisions

Other provisions include £5,968,000 of costs in relation to a payment per the Share Purchase Agreement for Lincs Wind Farm Limited executed in 2010 payable to Lincs Renewable Energy Holdings Limited.

As a result of the hive up of Centrica (DSW) Limited on 31 October 2014 an abandonment provision of £1,662,000 was transferred to the Company. The abandonment provision represents the future expected costs of decommissioning the asset, discounted to its present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be within the next 4 years. The above provision relates solely to works performed on the site as at the balance sheet date. In determining the provision the cash flows have been discounted on a pre-tax basis using an annual real interest rate of 2.2% (2013: 2.2%). The assumed rate of inflation is 2.5% (2013: 2.5%).

# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 16 Called up share capital

	2014 £	2013 £
<b>Allotted and fully paid</b>		
1,011 ordinary shares of £1 each (2013: 1,011 ordinary shares of £1 each)	<u>1,011</u>	<u>1,011</u>

### 17 Profit and loss account

	<b>Profit and loss account £000</b>
As at 1 January	163,601
Loss for the financial year (note 18)	<u>(45,682)</u>
<b>At 31 December</b>	<u><b>117,919</b></u>

### 18 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
(Loss) / profit for the financial year	(45,682)	30,370
Opening shareholders' funds at 1 January	<u>163,602</u>	<u>133,232</u>
<b>Closing shareholders' funds at 31 December</b>	<u><b>117,920</b></u>	<u><b>163,602</b></u>



# Centrica Renewable Energy Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 19 Operating lease commitments

At the year end the Company had non-cancellable operating lease commitments as follows:

	2014	2013
	Land & Buildings £000	Land & Buildings £000
Leases which expire:		
Within one year	264	241
Within two to five years	1,056	1,048
After five years	5,907	6,135
<b>Total</b>	<b>7,227</b>	<b>7,424</b>

### 20 Related party transactions

1. During the year, the Company earned income in relation to managerial and support services of £5,767,889 (2013: £5,511,000) from GLID Wind Farms TopCo Limited, £7,930,478 (2013: £28,758,000) from Lincs Wind Farm Limited and £2,143,689 (2013: 3,712,000) from Celtic Array Limited.
2. At 31 December 2014, the amount receivable from GLID Wind Farms TopCo Limited and its subsidiaries for managerial and support services was £2,159,000 (2013: £929,000). The amount receivable from Lincs Wind Farm Limited for managerial and support services was £2,063,000 (2013: £3,620,000). The amount receivable from Celtic Array Limited for managerial and support services was £144,000 (2013: £287,000).

### 21 Ultimate parent undertaking

The Company's immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).