

Company registration number 04145993

Barrow Offshore Wind Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

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Barrow Offshore Wind Limited

Contents

Company Information	1
Directors' Report	2 to 4
Independent Auditors' Report	5 to 6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9 to 10
Notes to the Financial Statements	11 to 25

Barrow Offshore Wind Limited
Company Information

Directors Alan Stewart Thompson
Lars Thaaning Pedersen
Michael James Turner
Nikolaj Qvade Rasmussen
Richard Matthew McCord
Christian Troels Skakkebaek

Company secretary Centrica Secretaries Limited

Registered office Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

**Independent
auditors** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Barrow Offshore Wind Limited
Directors' Report
for the Year Ended 31 December 2011

The directors present their annual report and the audited financial statements of Barrow Offshore Wind Limited for the year ended 31 December 2011

Principal activity

The principal activity of the company is the operation of an offshore wind farm

Business review

Fair review of the business

During the year the company continued to generate from its site in the East Irish Sea. The site comprises 30 3MW turbines, giving installed capacity of 90MW.

As part of the Offshore Transmission Network Owners (OFTO) regime that was introduced by the government in 2009, the transmission assets were sold on 23 September 2011 generating a profit on disposal of £8,166,000.

The company made a profit before taxation for the year of £19,573,589 (2010 profit £3,006,222).

Key performance Indicators (KPI's)

The company's key financial performance indicators during the year were as follows

	Unit	2011	2010
Turnover	£	23,663,594	16,990,164
Profit before taxation	£	19,573,589	3,006,222

Principal risks and uncertainties

The company's principal risk is related to the availability of the wind farm which is driven by the technical performance of the wind turbines and the accessibility of the wind farm. The maintenance activities are designed so as to optimise the performance of the turbines and the ships used for transport offshore are designed so as to work in wave conditions found at site.

The exposure to availability risk is minimised by certain guarantees from the wind farm's maintenance contractor to ensure maximum technical performance of the wind turbines.

Future developments

Commercial generation is expected to continue for the foreseeable future.

Dividends

During the year a dividend of £47,200,118 was paid (2010: £nil). The directors do not recommend a payment of a final dividend (2010: £nil).

Barrow Offshore Wind Limited
Directors' Report (continued)
for the Year Ended 31 December 2011

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows

Alan Stewart Thompson

Lars Thaaning Pedersen

Michael James Turner

Nikolaj Qvade Rasmusen (appointed 9 February 2011)

Richard Matthew McCord (appointed 16 May 2011)

Christian Troels Skakkebaek (appointed 22 December 2011)

Jesper Engsig Christensen (resigned 9 February 2011)

Graeme Stuart Collinson (resigned 16 May 2011)

Peter Gedjberg (resigned 22 December 2011)

Financial instruments

Objectives and policies

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

Given the size of the company and being part of larger groups with group wide policies and risk management procedures, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Financial risk management

The company's operations may expose it to a variety of financial risks.

Further details of the financial risks faced by the company are given in the accounting policies of the financial statements.

Cancellation of own shares

During the year the company cancelled 330,000,000 of its own ordinary share capital at a nominal value of £33,000,000. The disposed shares represent 45% of that class of share.

Barrow Offshore Wind Limited
Directors' Report (continued)
for the Year Ended 31 December 2011

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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

Statement of disclosure of information to auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware

Approved by the Board on 25 June 2012 and signed on its behalf by



Richard Matthew McCord
Director

Independent Auditors' Report to the Members of Barrow Offshore Wind Limited

We have audited the financial statements of Barrow-Offshore-Wind Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement, accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditors' Report (continued)
to the Members of Barrow Offshore Wind Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Katharine Finn (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Cardiff

Date 29 June 2012

Barrow Offshore Wind Limited
Profit and Loss Account
for the Year Ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Turnover	1	23,664	16,990
Cost of sales		<u>(8,168)</u>	<u>(7,469)</u>
Gross profit		15,496	9,521
Administrative expenses		(4,711)	(6,353)
Other operating income		<u>500</u>	<u>500</u>
Operating profit	2	11,285	3,668
Profit on disposal of fixed assets	3	8,166	-
Interest receivable and similar income	5	150	41
Interest payable and similar charges	6	<u>(27)</u>	<u>(703)</u>
Profit on ordinary activities before taxation		19,574	3,006
Tax on profit on ordinary activities	7	<u>(3,733)</u>	<u>(468)</u>
Profit for the financial year		<u>15,841</u>	<u>2,538</u>

All activities relate to continuing operations

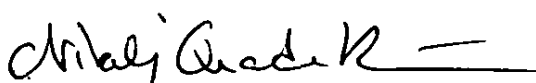
The company has no recognised gains or losses for the year other than the results above, and therefore no separate statement of recognised gains and losses has been presented

The notes on pages 11 to 25 form a part of these financial statements

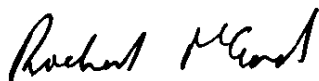
Barrow Offshore Wind Limited
Balance Sheet
as at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Tangible assets	8	91,749	120,196
Current assets			
Debtors	9	10,371	8,253
Cash at bank and in hand		9,547	9,320
		19,918	17,573
Creditors Amounts falling due within one year	10	(7,603)	(4,659)
Net current assets		12,315	12,914
Total assets less current liabilities		104,064	133,110
Creditors Amounts falling due after more than one year	11	(6,742)	(7,242)
Provisions for liabilities	13	(30,374)	(27,561)
Net assets		66,948	98,307
Capital and reserves			
Called up share capital	14	40,000	73,000
Profit and loss account	16	26,948	25,307
Total shareholders' funds		66,948	98,307

Approved by the Board on 25 June 2012 and signed on its behalf by



Nikolaj Qvade Rasmussen
Director



Richard Matthew McCord
Director

(Company registration number. 04145993)

The notes on pages 11 to 25 form a part of these financial statements

Barrow Offshore Wind Limited
Cash Flow Statement
for the Year Ended 31 December 2011

Cash flow statement

	Note	2011 £ 000	2010 £ 000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		11,285	3,668
Depreciation, amortisation and impairment charges		7,258	7,230
(Increase)/decrease in debtors		(2,193)	3,352
Increase in creditors		2,416	871
Net cash inflow from operating activities		<u>18,766</u>	<u>15,121</u>
Returns on investments and servicing of finance			
Interest received		106	41
Interest paid		<u>(27)</u>	<u>(29)</u>
		<u>79</u>	<u>12</u>
Taxation received		<u>75</u>	<u>-</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(29)	(385)
Sale of tangible fixed assets		<u>28,536</u>	<u>-</u>
		<u>28,507</u>	<u>(385)</u>
Equity dividends paid		<u>(47,200)</u>	<u>-</u>
Net cash inflow before management of liquid resources and financing		227	14,748
Financing			
Repayment of loans and borrowings		-	(21,504)
Increase/(decrease) in cash	19	<u>227</u>	<u>(6,756)</u>

Barrow Offshore Wind Limited
Cash Flow Statement (continued)
for the Year Ended 31 December 2011

Reconciliation of net cash flow to movement in net funds /(debt)

	Note	2011 £ 000	2010 £ 000
Increase/(decrease) in cash		227	(6,756)
Cash outflow from repayment of loans		-	21,298
Change in net debt resulting from cash flows	19	<u>227</u>	<u>14,542</u>
Movement in net debt	19	227	14,542
Net funds/(debt) at 1 January	19	<u>9,320</u>	<u>(5,222)</u>
Net funds at 31 December	19	<u>9,547</u>	<u>9,320</u>

Barrow Offshore Wind Limited
Notes to the Financial Statements
for the Year Ended 31 December 2011

Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies adopted, which have been applied consistently throughout the current financial year and prior financial year, are described below.

The Centrica plc and DONG Energy A/S consolidated financial statements for the year ended 31 December 2011 contain financial instruments disclosures which comply with FRS 29 (IFRS 7) 'Financial Instruments Disclosures'. Consequently, the Company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures within its own financial statements.

Turnover

Turnover represents amounts receivable for electricity sales net of Value Added Tax together with accrued income for price supplements on electricity sales, which can be measured reliably and are expected to be invoiced and received.

Income is recognised when it is probable that the benefits from the transaction will be received by the company and can be reliably quantified.

Where specific services are invoiced after the service has been provided then the turnover will be accrued as accrued income, and recognised as the service is provided.

Government grants

Government grants are recorded as deferred income and amortised to the profit and loss account on a straight-line basis over the useful life of the facility.

Fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at historical cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition.

Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete. Depreciation commences at the point of commercial deployment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Asset class	Useful economic life
Plant and machinery (wind farm)	20 years
Decommissioning	20 years

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

Taxation

Current tax, including UK corporation tax and foreign 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, have occurred at the balance sheet date

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 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 the 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

Decommissioning provision

Provision is made for the net present value of the estimated cost of decommissioning the wind farm at the end of its useful life (estimated 20 years), based on expected price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are dealt with prospectively. To reflect the company's expectation to future economic benefits, a decommissioning asset is recognised as a tangible fixed asset. The decommissioning asset is amortised on a straight-line basis over the useful economic life of the facility. The unwinding of the discount on the provision is included in the profit and loss account as an interest expense.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are re-translated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

Financial assets

Classification

The company classifies its financial assets in one category - loans and receivables. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The company's loans and receivables comprise trade debtors, other debtors and accrued income.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the company commits to purchase the asset. Financial assets are derecognised when the risk and rewards of ownership have transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Trade debtors and other receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision recorded is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade creditors and other payables

Trade creditors and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and other payables are included in amounts due in less than one year, except for maturities greater than 12 months after the balance sheet date.

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks market risk (including foreign exchange risk), credit risk and liquidity risk

The company seeks to limit the adverse effects on the financial performance of the company as follows

a) Foreign exchange risk

The company is charged maintenance costs and insurance costs in Danish Krona and is therefore at risk to foreign exchange risk arising from various currency exposures, primarily with respect to Danish Krona Foreign exchange risk arises from future commercial transactions and recognised trade payables

As at 31 December 2011, the company held outstanding liabilities in Danish Krona of 4,679,116 Kr (2010 2,611,589 Kr) and no receivables in Danish Krona (2010 Nil Kr)

The company does not use hedging to manage its foreign currency exposure

b) Credit risk

Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions

The company has entered into an agreement with a single counterparty for the sale of its wind farm power

The company has a policy of credit checking significant customers and management of the company monitor aged debts to ensure that amounts do not become overdue

No credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties

c) Liquidity risk

The company maintains short term financing facilities as well as cash balances to meet the liquidity requirements of the company and utilises the available facilities as necessary to ensure that the company has sufficient liquidity for its needs

All of the company's non-derivative financial liabilities (i.e. trade creditors, accruals and other creditors) are all due within one year based on the remaining period at the balance sheet date to the contractual maturity date

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

1 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

All revenue is generated from one line of business and from one geographical location

2 Operating profit

Operating profit is stated after charging/(crediting)

	2011 £ 000	2010 £ 000
Operating leases - other assets	422	390
Depreciation of owned assets	7,258	7,230
Government grants receivable	(500)	(500)
Auditors' remuneration	21	24
	<u> </u>	<u> </u>

3 Exceptional items

	2011 £ 000	2010 £ 000
Profit on sale of fixed assets	(8,166)	-
	<u> </u>	<u> </u>

As part of the Offshore Transmission Network (OFTO) regime that was introduced by the government in 2009, the transmission assets were sold during the year generating a profit on disposal of £8,166,000

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

4 Employees

There were no employees during the year apart from the directors. The directors received no emoluments during the year, in respect of their services to the company.

All directors are remunerated by other companies within Centrica plc or the DONG Energy A/S group for their services to the group as a whole. It is not possible to allocate their remuneration between their services as directors of different group companies.

5 Interest receivable and similar income

	2011 £ 000	2010 £ 000
Bank interest receivable	85	41
Unwinding of discount on decommissioning provision	44	-
Other interest receivable	4	-
Exchange gains	17	-
	<u>150</u>	<u>41</u>

6 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Bank interest payable	27	16
Interest on loans from group undertakings	-	206
Exchange losses	-	14
Unwinding of discount on decommissioning provision	-	467
	<u>27</u>	<u>703</u>

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

7 Taxation

Tax on profit on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		
Corporation tax charge	<u>28</u>	<u>6</u>
Deferred tax		
Origination and reversal of timing differences	4,732	812
Deferred tax adjustment relating to previous years	(1)	-
Effect of changes in tax rates	<u>(1,026)</u>	<u>(350)</u>
Total deferred tax	<u>3,705</u>	<u>462</u>
Tax on profit on ordinary activities	<u><u>3,733</u></u>	<u><u>468</u></u>

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.49% (2010 - 28%)

The differences are reconciled below

Factors affecting current tax charge for the year

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	<u>19,574</u>	<u>3,006</u>
Corporation tax at standard rate	5,186	842
Capital allowances in excess of depreciation	133	(248)
Other timing differences	18	290
Income not taxable	(1,145)	-
Expenses not deductible for tax purposes	718	5
Utilisation of tax losses brought forward	<u>(4,882)</u>	<u>(883)</u>
Total current tax	<u><u>28</u></u>	<u><u>6</u></u>

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

Factors affecting future tax charges

The company has trading losses of £15,689,406 (2010 £34,256,203) available to carry forward for offset against future trading profits

The UK Government announced on 23 March 2011 that the headline rate of corporation tax will be reduced from 28% by 2% on 1 April 2011 and 1% each year thereafter until it reaches 23%. On 22 March 2012 the UK Government announced that on 1 April 2012 the headline rate of corporation tax will be reduced by 2% rather than 1% to 24%, and 1% each year thereafter until it reaches 22%. These rate changes will affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's deferred tax liability in the future. The change to 25% announced on 23 March 2011 was "substantively enacted" on 5 July 2011 and as such, in accordance with accounting standards, deferred tax has been calculated at a rate of 25%. The effect of the remaining proposed changes (£558,094 decrease in deferred tax liability in 2012) will be reflected in the company's financial statements for the year ending 31 December 2012 and thereafter once future proposals have been substantively enacted.

8 Tangible assets

	Decomm- issioning £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 January 2011	16,521	134,526	151,047
Additions	2,549	29	2,578
Disposals	(3,172)	(29,237)	(32,409)
At 31 December 2011	15,898	105,318	121,216
Accumulated depreciation			
At 1 January 2011	1,377	29,474	30,851
Charge for the year	957	6,301	7,258
Eliminated on disposals	(845)	(7,797)	(8,642)
At 31 December 2011	1,489	27,978	29,467
Net book value			
At 31 December 2011	14,409	77,340	91,749
At 31 December 2010	15,144	105,052	120,196

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

9 Debtors

	2011	2010
	£ 000	£ 000
Trade debtors	81	116
Amounts owed by group undertakings	168	-
Other debtors	1	1,161
Prepayments and accrued income	10,121	6,901
Corporation tax	-	75
	<u>10,371</u>	<u>8,253</u>

Other debtors in 2010 related to transaction costs incurred in relation of the sale of the OFTO assets. These assets were sold on 27 September 2011 and the balance was subsequently released to profit on disposal in 2011.

The trade debtor balances are shown at their amortised cost and there are no significant differences with respect to their fair value.

The carrying amounts of the trade debtors are denominated in Pounds Sterling.

As of 31 December 2011, all trade debtors are held with external third parties to the company, and no trade debtors were past due (2010 £Nil).

10 Creditors: Amounts falling due within one year

	2011	2010
	£ 000	£ 000
Trade creditors	112	429
Amounts owed to group undertakings	1,991	793
Corporation tax	28	-
Other taxes and social security	1,176	1,344
Accruals and deferred income	4,296	2,093
	<u>7,603</u>	<u>4,659</u>

11 Creditors: Amounts falling due after more than one year

	2011	2010
	£ 000	£ 000
Deferred income	<u>6,742</u>	<u>7,242</u>

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

12 Financial instruments

By category

Loans and receivables	2011	2010
	£ 000	£ 000
Loans and receivables (excluding prepayments)	250	1,352
Cash and cash equivalents	9,547	9,320
	9,797	10,672

Financial liabilities at amortised cost

	2011	2010
	£ 000	£ 000
Borrowings	-	-
Trade creditors and other payables (excluding other taxes and social security)	13,169	10,557
	13,169	10,557

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates

Trade receivables

The credit quality of trade receivables that are neither past due nor impaired have been assessed based on historical information about the counterparty default rate. The company does not hold any receivable balances with customers, whose past default has resulted in no recovery of the receivables balance

Cash at bank

The deposits with banks are only held with reputable financial institutions with a AA credit rating and are part of a DONG group wide cash pooling facility

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

13 Provisions

	Deferred tax £ 000	Decomm- issioning £ 000	Total £ 000
At 1 January 2011	10,248	17,313	27,561
Charged/(credited) to the profit and loss account	3,705	(44)	3,661
Adjustment to provision	-	(848)	(848)
	3,705	(892)	2,813
At 31 December 2011	13,953	16,421	30,374

The Decommissioning provision has been made under FRS12 for estimated decommissioning costs which are calculated as the present value of estimated decommissioning costs using a discount rate of 0.1% (2010 1.18%). Included within fixed assets is an amount of £14,408,807 (2010 £15,144,909) which reflects the company's expectation to recover future decommissioning costs from sales of electricity during 2012 and future years. This asset is being depreciated over 20 years being the expected life of the wind farm.

Analysis of deferred tax

	2011 £ 000	2010 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	18,555	20,214
Other timing differences	(679)	(717)
Tax losses available	(3,923)	(9,249)
	13,953	10,248

14 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	Number 000	£ 000	Number 000	£ 000
Ordinary shares of £0.10 each	400,001	40,000	730,001	73,000

Cancellation of own shares

During the year the company cancelled 330,000,000 of its own ordinary share capital at a nominal value of £33,000,000. The disposed shares represent 45% of that class of share.

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

15 Dividends

	2011 £ 000	2010 £ 000
Dividends paid		
Current year interim dividend paid	<u>47,200</u>	<u>-</u>

16 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 January 2011	25,307	25,307
Profit for the financial year	15,841	15,841
Dividends	(47,200)	(47,200)
Cancellation of own shares	<u>33,000</u>	<u>33,000</u>
At 31 December 2011	<u>26,948</u>	<u>26,948</u>

17 Reconciliation of movements in shareholders' funds

	2011 £ 000	2010 £ 000
Profit for the financial year	15,841	2,538
Dividends	<u>(47,200)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(31,359)	2,538
Shareholders' funds at 1 January	<u>98,307</u>	<u>95,769</u>
Shareholders' funds at 31 December	<u>66,948</u>	<u>98,307</u>

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

18 Commitments

Operating lease commitments

As at 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £ 000	2010 £ 000
Land and buildings		
Over five years	<u>250</u>	<u>-</u>

The company has entered into a 44 year lease which terminates on 28 February 2055. The lease is for an area of seabed from where it operates. The operating lease rental charged is based upon MWh generation. The minimum annual lease payment is £249,796 and is subject to indexation of RPIX. However the full commitment for the following year cannot be established in advance.

Other commitments

The company has entered into a 5 year Service and Warranty Agreement with an annual commitment of £4,852,874.

The company is from time to time a party to or affected by legal proceedings and claims and enters into commitments which are in the ordinary course of business. It is not possible to predict with certainty the results of these claims, but the Directors, taking into account counter claims, claims against third parties, provisions in the financial statements and having due regard to professional advice, do not anticipate that the outcome of these proceedings, claims and commitments, either individually or in aggregate, will have a materially adverse affect upon the company's financial position.

19 Analysis of net funds/(debt)

	At 1 January 2011 £ 000	Cash flow £ 000	At 31 December 2011 £ 000
Cash at bank and in hand	9,320	227	9,547
Net funds	<u>9,320</u>	<u>227</u>	<u>9,547</u>

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

20 Related party transactions

Other related party transactions

During the year the company made the following related party transactions

DONG Energy Power (UK) Limited
(Shareholder)

During the year the company incurred a charge of £477,792 (2010 £293,302) management services
At the balance sheet date the amount due to DONG Energy Power (UK) Limited was £54,115 (2010 -
£298,106)

Centrica (BOW) Limited
(Shareholder)

During the year the company has been charged management service fees by Centrica (BOW) Limited
of £351,921 (2010 £198,315) At the balance sheet date the amount due to Centrica (BOW) Limited
was £84,625 (2010 - £34,977)

DONG Energy Power A/S
(DONG Energy A/S group company)

During the year the company has been charged management services fees of £1,870,962 (2010
£843,927) At the balance sheet date the amount due to DONG Energy Power A/S was £1,765,995
(2010 - £1,622,123)

British Gas Trading Limited
(A subsidiary of Centrica plc, the ultimate parent company of Centrica (BOW) Limited)

The company has a Power Purchase Agreement in place with British Gas Trading Limited, which
purchases all of its output Sales under this agreement were £23.5m (2010 £17.1m) during the year
At the balance sheet date the amount due from British Gas Trading Limited was £9,750,000 (2010 -
£6,700,000)

DONG Energy A/S
(DONG Energy A/S group company)

During the year the company has been charged insurance fees of £276,475 (2010 £nil) At the
balance sheet date the amount due to DONG Energy A/S was £nil (2010 - £nil)

Barrow Offshore Wind Limited
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2011

21 Ultimate parent company and controlling party

The immediate parent of the company is Dong Energy Power (UK) Limited (formerly DONG Wind (UK) Limited) and Centrica (BOW) Limited. Both parties own 50% of the Ordinary share capital.

The ultimate holding companies of Barrow Offshore Wind Limited are DONG Energy A/S, incorporated in Denmark and Centrica plc.

The largest groups in which the results of the company are consolidated are those that are headed by DONG Energy A/S and Centrica plc.

The consolidated financial statements of these companies are available to the public from

DONG Energy A/S
Kraftvaerksvej 53
Skaerbaek
DK-7000 Fredericia
Denmark

Centrica plc
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD