

Registration number: 04145993

# Barrow Offshore Wind Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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**Barrow Offshore Wind Limited**  
**Company Information**

<b>Directors</b>	Benjamin Sykes Mads Skovgaard-Andersen Richard Trevor Guy
<b>Registered office</b>	15 Appold street London United Kingdom EC2A 2HB
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

## **Barrow Offshore Wind Limited**

### **Strategic Report for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

#### **Strategy**

The Company's strategy is to maximise the lifetime value of the wind farm through active condition monitoring and maintenance to maintain high levels of availability and production.

#### **Objectives**

The Company's strategic objectives are:

- Achieving zero accidents and breaches of environmental standards;
- Maximising energy production through high levels of availability;
- Maintaining long term asset condition and reliability;
- Optimising costs.

#### **Principal risks and uncertainties**

The principal risk of the business relates to the ability of the company to run its operations in a financially efficient manner, which is mitigated through meeting its business objectives.

Non-compliance with statutory Health, Safety, and Environment (HSE) obligations is also a principal risk. The Company operates a comprehensive HSE management system, and actively monitors its performance in order to identify and implement improvements.

#### **Key Performance Indicators and review of the year**

The Company measures its performance in line with its strategic objectives. Key performance indicators (KPIs) are used to measure progress against agreed targets for safe, responsible and sustainable operations.

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Turnover	20,834,834	21,208,518
(Loss)/Profit on ordinary activities before taxation	(16,848,227)	5,845,249
Net assets	33,554,207	51,109,188

The company's key non-financial performance indicator is wind farm availability. For the current and prior year the availability was broadly in-line with management's expectation.

On 19 December 2014, DONG Energy Power UK (DEPUK) acquired an additional 50% shareholding in Barrow Offshore Wind Farm (BOW), which was formerly held by Centrica Renewable Energy Limited (a subsidiary of British Gas Trading Limited).

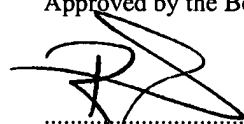
Following this change in the company's shareholding a deed of termination was signed to discharge the Power Purchase Agreement (PPA) between British Gas Trading Limited and Barrow Offshore Wind Limited. Included in profit before tax, is an exceptional expense of £18.6m related to the early termination fee on cancellation of the Power Purchase Agreement. In the prior year there was exceptional income of £3.1m related to amounts received in settlement of a dispute.

**Barrow Offshore Wind Limited**  
**Strategic Report for the Year Ended 31 December 2014**

**Future outlook**

Commercial generation is expected to continue until the end of the expected economic life of the wind farm, when the assets will be decommissioned.

Approved by the Board on 30/4-15 and signed on its behalf by:



.....  
Benjamin Sykes  
Director

## **Barrow Offshore Wind Limited**

### **Directors Report for the Year Ended 31 December 2014**

The directors present their report and the audited financial statements of Barrow Offshore Wind Limited for the year ended 31 December 2014.

#### **Principal activity**

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

#### **Dividends**

During the year a dividend of £4,250,000 was paid (2013: £11,407,000). The directors do not recommend a payment of a final dividend (2013: nil).

#### **Directors of the company**

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

Benjamin Sykes

Mads Skovgaard-Andersen

Richard Matthew McCord (resigned 19 December 2014)

Nikolaj Qvade Rasmusen (resigned 24 September 2014)

Simon Patrick Redfern (resigned 19 December 2014)

Gregory Allan Evans (resigned 24 March 2014)

Richard Trevor Guy

Terrence Columba Murphy (appointed 24 March 2014 and resigned 19 December 2014)

#### **Financial risk management**

##### ***Objectives and policies***

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk, interest rate 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. Further details of the financial risks faced by the company are given in the accounting policies of the financial statements.

Given the size of the company and being part of a larger group 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.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

##### ***Credit risk***

The Group policy seeks to mitigate its credit risks by systematically credit rating counterparties, by using financial standard contracts and by requiring collateral. Allocated credit lines are monitored continuously by management.

**Barrow Offshore Wind Limited**  
**Directors Report for the Year Ended 31 December 2014**

***Liquidity risk***

The company utilises appropriately termed finance that is designed to ensure the company has sufficient funds for operation.

***Cash flow risk***

The company has a unsecured group loans at floating interest rates. The directors continue to monitor the appropriateness of these arrangements..

**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;
- 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.

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

**Statement of disclosure of information to auditors**

Each of the persons who are directors of the company at the time when this report is approved have confirmed that in accordance with Section 418 of the Companies Act 2006:

- so far as that director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor are aware of that information.

**Barrow Offshore Wind Limited**  
**Directors Report for the Year Ended 31 December 2014**

Approved by the Board on 30/4-15 and signed on its behalf by:

  
.....  
Benjamin Sykes  
Director



**Barrow Offshore Wind Limited**  
**Independent Auditors' Report to the members of Barrow Offshore Wind Limited**

**Report on the financial statements**

**Our opinion**

In our opinion, Barrow Offshore Wind 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**

Barrow Offshore Wind Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the 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.

**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.

**Barrow Offshore Wind Limited**  
**Independent Auditors' Report to the members of Barrow Offshore Wind Limited**

**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 set out on page 5, 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.

  
.....  
Peter Acloque (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date: 30 April 2015

**Barrow Offshore Wind Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	2	20,834,834	21,208,518
Cost of sales		<u>(9,967,975)</u>	<u>(9,578,846)</u>
Gross profit		10,866,859	11,629,672
Administrative expenses		(8,907,405)	(8,838,255)
Other operating income		<u>500,000</u>	<u>500,000</u>
Operating profit	3	2,459,454	3,291,417
Other exceptional items	4	(18,600,000)	3,132,407
Other interest receivable and similar income	6	40,306	24,769
Interest payable and similar charges	7	<u>(747,987)</u>	<u>(603,344)</u>
(Loss)/profit on ordinary activities before taxation		(16,848,227)	5,845,249
Tax on (loss)/profit on ordinary activities	8	<u>3,543,246</u>	<u>380,890</u>
(Loss)/profit for the financial year	16	<u><u>(13,304,981)</u></u>	<u><u>6,226,139</u></u>

All activities relate to continuing operations.

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

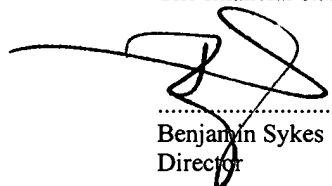
The company has no recognised gains or losses for the year other than the loss above, and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 11 to 20 form an integral part of these financial statements.

**Barrow Offshore Wind Limited**  
**(Registration number: 04145993)**  
**Balance Sheet as at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	9	71,757,559	77,448,014
<b>Current assets</b>			
Debtors	10	16,995,689	7,738,700
Cash at bank and in hand		4,137,653	4,582,415
		21,133,342	12,321,115
Creditors: Amounts falling due within one year	11	(28,101,064)	(6,248,731)
Net current (liabilities)/assets		(6,967,722)	6,072,384
Total assets less current liabilities		64,789,837	83,520,398
Creditors: Amounts falling due after more than one year	12	(5,242,000)	(5,742,426)
Provisions for liabilities	13	(25,993,630)	(26,668,784)
Net assets		33,554,207	51,109,188
<b>Capital and reserves</b>			
Called up share capital	14	40,000,100	40,000,100
Profit and loss account	16	(6,445,893)	11,109,088
Shareholders' funds	17	33,554,207	51,109,188

The financial statements were approved by the Board of Directors on 30/4-15 and signed on its behalf by:

  
.....  
Benjamin Sykes  
Director

# **Barrow Offshore Wind Limited**

## **Notes to the Financial Statements**

### **1 Accounting policies**

#### **Basis of preparation**

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and liabilities (ie. derivative instruments used for cash flow hedges) at fair value through equity where effective, 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.

#### **Exemption from preparing a cash flow statement**

The company is a wholly owned subsidiary of a group headed by DONG Energy A/S, and is included in the consolidated financial statements of that company, which are publicly available. Consequently the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

#### **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, as other operating income, on a straight-line basis over the useful life of the facility.

#### **Tangible assets and depreciation**

Tangible fixed assets are included on 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 evenly over its expected useful life, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Wind farm	Straight line over 20 years
Decommissioning asset	Straight line over 20 years

#### **Cash at bank**

The company is a participant in the group cash pooling arrangement of which DONG Energy A/S is pool master and legal bank account holder. The company has its own sub-accounts from which all transactions are executed. Balances held by the company under this revised arrangement are disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, DONG Energy A/S.

## **Barrow Offshore Wind Limited**

### **Notes to the Financial Statements**

#### **Decommissioning provision**

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **Taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

#### **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.

## **2 Turnover**

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

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

## **3 Operating profit**

Operating profit is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating leases - other assets	563,723	584,448
Depreciation of owned assets	5,814,538	5,752,783
Government grants receivable	(500,000)	(500,000)
Auditors' remuneration - The audit of the company's annual financial statements	<u>19,433</u>	<u>14,140</u>

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**4 Other exceptional items**

	2014 £	2013 £
Other exceptional item	<u>18,600,000</u>	<u>(3,132,407)</u>

On 19 December 2014 a deed of termination was signed to discharge the Power Purchase Agreement (PPA) between British Gas Trading Limited and Barrow Offshore Wind Limited. The current year exceptional expense relates to the early termination fee on cancellation of this Power Purchase Agreement.

The prior year exceptional income of £3,132,407 relates to amounts received in settlement of a dispute.

**5 Particulars of employees**

There were no (2013 : nil) employees during the year apart from the directors. The directors received no (2013 : nil) emoluments during the year, in respect of their services to the company.

All directors are remunerated by other companies within 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.

**6 Other interest receivable and similar income**

	2014 £	2013 £
Bank interest receivable	18,656	23,141
Other interest receivable	<u>21,650</u>	<u>1,628</u>
	<u>40,306</u>	<u>24,769</u>

**7 Interest payable and similar charges**

	2014 £	2013 £
Interest on bank borrowings	611	129
Unwinding of discount on decommissioning provision	<u>747,376</u>	<u>603,215</u>
	<u>747,987</u>	<u>603,344</u>

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**8 Tax on (loss)/profit on ordinary activities**

	2014 £	2013 £
<b>Current tax</b>		
Corporation tax (credit)/charge	(1,126,646)	894,487
Adjustments in respect of prior years	(894,487)	(1,873)
UK Corporation tax	<u>(2,021,133)</u>	<u>892,614</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,522,113)	-
Deferred tax adjustment relating to previous years	-	(1,273,504)
Total deferred tax	<u>(1,522,113)</u>	<u>(1,273,504)</u>
Total tax on (loss)/profit on ordinary activities	<u><u>(3,543,246)</u></u>	<u><u>(380,890)</u></u>

**Factors affecting current tax charge for the year**

The tax on (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2013 - lower than the standard rate of corporation tax in the UK) of 21.5% (2013 - 23.25%).

The differences are reconciled below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(16,848,227)</u>	<u>5,845,249</u>
Corporation tax at standard rate	(3,622,369)	1,359,020
Capital allowances in excess of depreciation	1,176,097	1,251,912
Other timing differences	160,686	140,249
Expenses not deductible for tax purposes	32,293	34,921
Adjustment in respect of prior years	(894,487)	(1,873)
Unrelieved tax losses carried forward	1,126,647	-
Utilisation of tax losses	-	(1,891,615)
Total current tax	<u><u>(2,021,133)</u></u>	<u><u>892,614</u></u>

**Factors that may affect future tax charges**

A reduction in the headline rate of corporation tax from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013. A further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% which was substantively enacted at the balance sheet date. The company has trading losses of £1,393,000 (2013: £nil) available to carry forward for offset against future trading profits.



**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**9 Tangible assets**

	<b>Decommissioning Asset £</b>	<b>Wind Farm £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2014	13,358,954	105,316,893	-	118,675,847
Additions	<u>99,583</u>	<u>-</u>	<u>24,500</u>	<u>124,083</u>
At 31 December 2014	<u>13,458,537</u>	<u>105,316,893</u>	<u>24,500</u>	<u>118,799,930</u>
<b>Accumulated Depreciation</b>				
At 1 January 2014	3,187,834	38,039,999	-	41,227,833
Charge for the year	<u>824,205</u>	<u>4,989,516</u>	<u>817</u>	<u>5,814,538</u>
At 31 December 2014	<u>4,012,039</u>	<u>43,029,515</u>	<u>817</u>	<u>47,042,371</u>
<b>Net book value</b>				
At 31 December 2014	<u>9,446,498</u>	<u>62,287,378</u>	<u>23,683</u>	<u>71,757,559</u>
At 31 December 2013	<u>10,171,120</u>	<u>67,276,894</u>	<u>-</u>	<u>77,448,014</u>

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**10 Debtors**

	2014	2013
	£	£
Trade debtors	745,803	45,102
Amounts owed by group undertakings	9,846,944	7,693,598
Other debtors	4,425,083	-
Corporation tax debtor	1,977,859	-
	<u>16,995,689</u>	<u>7,738,700</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand. At 31 December 2014, all trade debtors are held with external parties to the company, and no trade debtors are past due (2013: £nil).

**11 Creditors: Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	582,110	599,319
Amounts owed to group undertakings	23,950,435	667,308
Corporation tax	-	894,414
Other taxation and social security	20	289,180
Other creditors	11,196	66
Accruals and deferred income	3,557,303	3,798,444
	<u>28,101,064</u>	<u>6,248,731</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Included in amounts owed to group undertakings is an unsecured loan of £22,320,000 (2013: £nil) which carries interest at 4% per annum, and is wholly repayable on 19 December 2015.

**12 Creditors: Amounts falling due after more than one year**

	2014	2013
	£	£
Accruals and deferred income	<u>5,242,000</u>	<u>5,742,426</u>

The deferred income of £5,242,000 (2013: £5,742,000) relates to a government grant received in relation to the construction of the wind farm asset. It is being amortised to profit and loss on a straight-line basis over the useful life of the asset (refer to note 3).

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**13 Provisions for liabilities**

	Deferred tax £	Decommissioning £	Total £
At 1 January 2014	11,784,337	14,884,447	26,668,784
(Credited)/charged to the profit and loss account	(1,522,113)	747,376	(774,737)
Increase from fair value adjustments	<u>-</u>	<u>99,583</u>	<u>99,583</u>
At 31 December 2014	<u>10,262,224</u>	<u>15,731,406</u>	<u>25,993,630</u>

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 4.50% (2013: 4.50%).

**Analysis of deferred tax**

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	11,939,381	13,057,026
Other timing differences	(1,398,565)	(1,272,689)
Tax losses available	<u>(278,592)</u>	<u>-</u>
	<u>10,262,224</u>	<u>11,784,337</u>

**14 Called up share capital**

**Allotted, called up and fully paid shares**

	No.	2014 £	No.	2013 £
Ordinary shares of £0.10 each	<u>400,001,000</u>	<u>40,000,100.00</u>	<u>400,001,000</u>	<u>40,000,100.00</u>

**15 Dividends**

	2014 £	2013 £
<b>Dividends paid</b>		
Current year dividend paid of 1.06p (2013 : 2.85p) paid per share	<u>4,250,000</u>	<u>11,407,000</u>

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**16 Reserves**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2014	11,109,088	11,109,088
Loss for the financial year	(13,304,981)	(13,304,981)
Dividends	(4,250,000)	(4,250,000)
At 31 December 2014	<u>(6,445,893)</u>	<u>(6,445,893)</u>

**17 Reconciliation of movements in shareholders' funds**

	<b>2014 £</b>	<b>2013 £</b>
(Loss)/profit for the financial year	(13,304,981)	6,226,139
Dividends	(4,250,000)	(11,407,000)
Net reduction to shareholders funds	(17,554,981)	(5,180,861)
Shareholders' funds at 1 January	<u>51,109,188</u>	<u>56,290,049</u>
Shareholders' funds at 31 December	<u>33,554,207</u>	<u>51,109,188</u>

**18 Contingent liabilities**

The company is from time to time 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 effect upon the company's financial position.

**Barrow Offshore Wind Limited**  
**Notes to the Financial Statements**

**19 Commitments**

**Operating lease commitments**

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

Operating leases which expire:

	2014 £	2013 £
<b>Land and buildings</b>		
Over five years	<u>250,000</u>	<u>250,000</u>

The company is in 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 Retail Prices Index Excluding Mortgage Interest Payments (RPIX). However the full commitment for the following year cannot be established in advance.

**Other commitments**

The company is committed to a Service and Warranty Agreement with an annual commitment of £4,852,874 subject to Retail Price Index and foreign exchange .

## **Barrow Offshore Wind Limited**

### **Notes to the Financial Statements**

#### **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 charges of £435,132 (2013: £432,224) for management services, £126,000 (2013: £126,000) for lease payments and £2,063,717 of labour costs (2013: £1,614,162) At the balance sheet date the amount due to DONG Energy Power (UK) Limited was £827,607 (2013:£191,942).

##### **British Gas Trading Limited**

(A subsidiary of Centrica plc, the ultimate parent company of Centrica Renewable Energy Limited and Centrica (BOW) Limited)

On 19 December 2014, DONG Energy Power UK (DEPUK) acquired an additional 50% shareholding in Barrow Offshore Wind Farm (BOW) , which was formerly held by Centrica Renewable Energy Limited (a subsidiary of British Gas Trading Limited ). From this date British Gas Trading Limited ceased to be a related party of the company. On 19 December a deed of termination was signed to discharge the Power Purchase Agreement (PPA) between British Gas Trading Limited and Barrow Offshore Wind Limited and the company paid a termination fee of £18,600,000.

Sales under this PPA agreement were £20,229,896 (2013: £20,331,899) during the year. At the balance sheet date the amount due from British Gas Trading Limited was £711,020 ( 2013 - £7,693,598).

##### **DONG Energy A/S**

(DONG Energy A/S group company)

During the year the company has been charged insurance fees of £Nil (2013: £175,664) At the balance sheet date the amount due to DONG Energy A/S was £Nil (2013 - £171,931).

#### **21 Control**

The immediate parent of the company is DONG Energy Power (UK) Limited , a company incorporated in England & Wales, which owns 100 % of the ordinary share capital.

The ultimate parent company is DONG Energy A/S, incorporated in Denmark. The Danish State currently holds 59% of the share capital of DONG Energy A/S (2013: 81%) and therefore the company considers the Danish Ministry of Finance the ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated are those headed by DONG Energy A/S.

The consolidated financial statements of this company are available to the public from:

DONG Energy A/S  
Kraftværksvej 53  
Skærbæk  
DK - 7000 Fredericia  
Denmark