

Registered Number: 07103802

Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)

Annual report and Financial Statements  
For the year ended 31 December 2012

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# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Annual report and Financial Statements for the year ended 31 December 2012**

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# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Directors' report for the year ended 31 December 2012**

The Directors present their report and the audited consolidated financial statements of Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited) ("the Company") for the year ended 31 December 2012

### **Principal activities**

The principal activity of the Company and its subsidiary ("the Group") is the development of offshore wind farms

### **Review of business and future developments**

During the year, the Group continued its strategic approach to identifying suitable sites for offshore wind farms within the Irish Sea Zone ("the Zone") following the award of the Zone from The Crown Estate Round Three leasing round. The Zone covers an area of approximately 2,200 km<sup>2</sup> and could potentially deliver approximately 4.2GW of renewable generation capacity. Moving forward the Group expects to continue with development activities associated with the Zone.

On 23 April 2012, the Company's immediate parent undertaking at that time, Centrica Renewable Energy Limited, subscribed for 14,068,888 ordinary shares of £1 each in the Company, in consideration of the release of the liability of the Company to repay the allottee the sum of £14,068,888 advanced by the allottee to the Company as at 29 February 2012.

On 27 April 2012, the Company changed its name from Centrica Energy Renewable Investments Limited to Celtic Array Limited.

On 30 April 2012 Centrica Renewable Energy Limited, sold a 50% holding in the Company to DONG Energy Wind Power Holdings A/S (whose ultimate parent undertaking is DONG Energy A/S).

Subsequent to this, within the year the Company's shareholders, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, have each subscribed for 17,600,000 ordinary shares of £1 each in the Company.

On 11 October 2012 the Company's subsidiary Rhiannon Wind Farm Limited was incorporated, with the Company subscribing for 1 ordinary share of £1 each.

### **Principal risks and uncertainties**

Risks are formally reviewed and appropriate processes are put in place to monitor and mitigate them.

The principal risks and uncertainties facing the Group are those relating to the project. If, as a result of the Group's assessment of the viability of the project, it transpires that it is not viable to proceed, the costs incurred to date may have to be written off.

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary or appropriate for an understanding of the development, performance or position of the business.

# Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)

## Directors' report for the year ended 31 December 2012 (continued)

### Financial risk management

The Directors have established objectives and policies for managing financial risks to enable the Group to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed. Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Group's business.

- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits
- Cash forecasts identifying the liquidity requirements of the Group are produced frequently and reviewed regularly
- Liquidity risk is managed through funding arrangements with the shareholders

The Group did not take part in hedging of any kind (2011: £nil)

### Results and dividends

The results of the Group are set out on page 6. The consolidated loss for the financial year ended 31 December 2012 is £824,000 (2011: loss of £1,330,000). No dividends were paid during the year (2011: £nil) and the Directors do not recommend the payment of a final dividend (2011: £nil).

### Financial position

The financial position of the Company and of the Group is presented in the balance sheet on page 7. Shareholders' funds of the Company at 31 December 2012 were £46,162,000 (2011: deficit of £2,283,000), and of the Group were £46,162,000 (2011: deficit of £2,283,000).

### Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to commitments from its immediate parent undertakings, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, to fund development of the Irish Sea Zone.

### Directors

The following served as Directors during the year and up to the date of signing the financial statements

	Appointed	Resigned
H L Borg (alternate to P A H Pedersen)	27 June 2012	
G S Collinson		30 April 2012
D A J Crowther		30 April 2012
T Hinton		
J K Holst (alternate to B J Sykes)	31 August 2012	
R M McCord (alternate to T Hinton)	26 June 2012	
P A H Pedersen	30 April 2012	
S P Redfern	22 November 2012	
B J Sykes	31 August 2012	
A S Thompson		28 September 2012
R F Tyreman (alternate to A S Thompson)	3 August 2012	28 September 2012
R F Tyreman (alternate to S P Redfern)	26 November 2012	

C T Skakkebaek ceased employment with the nominating shareholder before his appointment as a Director of the Company was formalised. As C T Skakkebaek was not formally appointed as a Director he is not included in the list of serving Directors above.

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Directors' and officers' liability**

Up to 30 April 2012 Directors' and officers' liability insurance had been purchased by the ultimate parent undertaking at that time, Centrica plc. From the formation of the joint venture on 30 April 2012 to the end of the year under review, the ultimate parent undertakings, Centrica plc and DONG Energy A/S, have provided Directors' and officers' liability insurance for their respective appointees. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

### **Creditor payment policy**

It is the Group's policy to pay all of its creditors in accordance with the policies set out below:

- agree the terms of payment in advance with the supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with contractual and other legal obligations.

### **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 elected to prepare 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 Group and the Company and of the profit or loss of the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **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 Group'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 Group's auditors are aware of that information.

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **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 report was approved by the Board on 30 May 2013



For and on behalf of  
Centrica Secretaries Limited  
**Company Secretary**

Company registered in England and Wales No 07103802

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Independent auditors' report to the members of Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

We have audited the Group and parent company financial statements (the "financial statements") of Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited) for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement 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 3 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 Group's and parent 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 Annual report and Financial Statements 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 Group's and the parent company's affairs as at 31 December 2012 and of the Group's loss 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.

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

  
Sam Taylor (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

3 June 2013

**Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

**Consolidated profit and loss account for the year ended 31 December 2012**

	Note	2012 £000	2011 £000
Administrative expenses		(824)	(1,330)
<b>Loss on ordinary activities before taxation</b>	3	<u>(824)</u>	<u>(1,330)</u>
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	14	<u><u>(824)</u></u>	<u><u>(1,330)</u></u>

The Group has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

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

All activities relate to continuing operations

The notes on pages 9 to 17 form part of these financial statements



# Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)

## Balance sheets as at 31 December 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
<b>Fixed assets</b>					
Intangible assets	8	37,932	11,658	37,932	11,658
Investments	9	-	-	-	-
		<u>37,932</u>	<u>11,658</u>	<u>37,932</u>	<u>11,658</u>
<b>Current assets</b>					
Debtors	10	7,331	75	7,331	75
Cash at bank and in hand		<u>8,728</u>	<u>-</u>	<u>8,728</u>	<u>-</u>
		<u>16,059</u>	<u>75</u>	<u>16,059</u>	<u>75</u>
<b>Creditors - amounts falling due within one year</b>	11	(7,829)	(14,016)	(7,829)	(14,016)
<b>Net current assets / (liabilities)</b>		<u>8,230</u>	<u>(13,941)</u>	<u>8,230</u>	<u>(13,941)</u>
<b>Total assets less current liabilities</b>		<u>46,162</u>	<u>(2,283)</u>	<u>46,162</u>	<u>(2,283)</u>
<b>Net assets / (liabilities)</b>		<u>46,162</u>	<u>(2,283)</u>	<u>46,162</u>	<u>(2,283)</u>
<b>Capital and reserves</b>					
Called up share capital	13	49,269	-	49,269	-
Profit and loss account	14	(3,107)	(2,283)	(3,107)	(2,283)
<b>Total shareholders' funds / (deficit)</b>	15	<u>46,162</u>	<u>(2,283)</u>	<u>46,162</u>	<u>(2,283)</u>

The notes on pages 9 to 17 form part of these financial statements

The financial statements on pages 6 to 17 were approved and authorised for issue by the Board of Directors on 30 May 2013 and were signed on its behalf by

Director  
B J SYKES

Registered Number 07103802

Director  
T HIRTON

**Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

**Consolidated cash flow statement for the year ended 31 December 2012**

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Net cash outflow from operating activities	16		(4,914)		(1,314)
<b>Capital expenditure and financial investment</b>					
Purchase of intangible assets		<u>(22,257)</u>		<u>(6,307)</u>	
Net cash outflow for capital expenditure and financial investment			(22,257)		(6,307)
Net cash outflow before use of liquid resources and financing			<u>(27,171)</u>		<u>(7,621)</u>
<b>Management of liquid resources</b>					
<b>Financing</b>					
Proceeds of issuance of ordinary shares	13	49,269		-	
(Reduction) / increase in amounts owed to Centrica group undertakings	11	<u>(13,370)</u>		<u>7,621</u>	
Net cash inflow from financing			35,899		7,621
Increase in net cash			<u><u>8,728</u></u>		<u><u>-</u></u>

The notes on pages 9 to 17 form part of these financial statements

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012**

### **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 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 Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. Each company in the Group has adopted the same accounting policies and they are applied uniformly across the Group. All intra-group transactions and profits are eliminated in full on consolidation.

The subsidiary undertaking Rhiannon Wind Farm Limited was incorporated on 11 October 2012 and the first set of financial statements will be prepared for the 15 month period to 31 December 2013.

The Directors believe that the going concern basis is applicable for the preparation of the financial statements due to commitments from its immediate parent undertakings, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, to fund development of the Irish Sea Zone.

#### **Intangible assets**

Intangible assets are included in the balance sheet at historic cost, less any provisions for impairment. Intangible assets comprise capitalised development consents, zone development agreements and associated costs.

#### **Investment in subsidiary undertakings**

Fixed asset investments are shown at cost less any provision for impairment. Investments consist of equity interests in subsidiaries.

#### **Impairment**

At each balance sheet date the Group and the Company reviews if there has been an indication that an asset has been impaired. 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 fair value less costs to sell 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.

#### **Foreign currency**

The financial statements of the Group and the Company are presented in pounds sterling, which is the functional currency of the Company and its subsidiary. 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.

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

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

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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 taxable profits and the 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

### **2 Segmental reporting**

The Group's activities consist solely of developing offshore wind farms and occur wholly within the United Kingdom

### **3 Loss on ordinary activities before taxation**

Auditors' remuneration was £9,700 (2011 £9,500) and relates to fees for the audit of the UK GAAP statutory financial statements of the Company and the consolidated financial statements

### **4 Directors' emoluments**

The aggregate emoluments paid to Directors in respect of their qualifying services is £nil (2011 £nil). The Company is a jointly controlled entity and the Directors are nominated by the joint venturers. Accordingly no emoluments are paid for their services to the Company

### **5 Employee information**

The Group and the Company had no employees and no staff costs (2011 £nil)

# Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

### 6 Losses of holding company

A loss of £824,000 (2011 £1,330,000) is dealt with in the financial statements of Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited). The loss on ordinary activities before taxation was £824,000 (2011 £1,330,000).

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company alone.

### 7 Tax on loss on ordinary activities

	2012 £000	2011 £000
<b>(a) Analysis of tax charge for the year</b>		
The tax charge comprises		
<b>Current tax</b>		
United Kingdom corporation tax at 24.5% (2011 26.5%)	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Total tax on loss on ordinary activities	-	-

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

The tax assessed for the financial year differs from that calculated at the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below.

	2012 £000	2011 £000
<b>Loss on ordinary activities before taxation</b>	<b>(824)</b>	<b>(1,330)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	(202)	(352)
Effects of		
Losses carried forward	59	-
Centrica plc group relief for nil consideration	143	352
Total current tax charge for the year	-	-

Centrica plc group relief relates to the period prior to the formation of the joint venture on 30 April 2012.

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the proposed changes to the financial statements is not material.

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

### **8 Intangible assets**

<b>Group and Company</b>	<b>Agreements, consents, and associated costs £000</b>
<b>Cost</b>	
At 1 January 2012	11,658
Additions	<u>26,274</u>
<b>At 31 December 2012</b>	<b><u>37,932</u></b>
<b>Net book value</b>	
At 31 December 2012	<u>37,932</u>
At 31 December 2011	<u>11,658</u>

Intangible assets comprise capitalised development consents, zone development agreements and associated costs

### **9 Investments**

<b>Company</b>	<b>Investment in subsidiary £</b>
<b>Cost</b>	
At 1 January 2012	-
Additions	<u>1</u>
<b>At 31 December 2012</b>	<b><u>1</u></b>
<b>Net book value</b>	
At 31 December 2012	<u>1</u>
At 31 December 2011	<u>-</u>

The Directors believe that the carrying value of the investment is supported by its underlying net assets

At 31 December 2012, the Company held an interest in the issued share capital of the following undertaking, which has been consolidated in these financial statements

<b>Principal subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Class of share capital held</b>	<b>Proportion of share capital held</b>	<b>Nature of business</b>
Rhiannon Wind Farm Limited	England & Wales	Ordinary	100%	Development of an offshore wind farm

**Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

**10 Debtors**

	<b>Group 2012 £000</b>	<b>Group 2011 £000</b>	<b>Company 2012 £000</b>	<b>Company 2011 £000</b>
Amounts owed by parent undertakings	4,286	-	4,286	-
Value Added Tax	3,045	75	3,045	75
	<u>7,331</u>	<u>75</u>	<u>7,331</u>	<u>75</u>

Amounts owed by parent undertakings are interest-free, unsecured and repayable on demand

**11 Creditors – amounts falling due within one year**

	<b>Group 2012 £000</b>	<b>Group 2011 £000</b>	<b>Company 2012 £000</b>	<b>Company 2011 £000</b>
Trade creditors	98	66	98	66
Amounts owed to parent undertakings	-	13,370	-	13,370
Accruals	7,731	580	7,731	580
	<u>7,829</u>	<u>14,016</u>	<u>7,829</u>	<u>14,016</u>

Amounts owed to parent undertakings in 2011 were interest-free, unsecured and repayable on demand

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

### **12 Deferred taxation**

The deferred corporation tax provision / (asset) at 23% (2011 25%) is analysed as follows

	<b>Provided</b>		<b>Unprovided</b>	
	<b>At 31 December 2012 £000</b>	<b>At 31 December 2011 £000</b>	<b>At 31 December 2012 £000</b>	<b>At 31 December 2011 £000</b>
Deferred corporation tax				
- accelerated capital allowances	-	-	-	-
- other timing differences	-	-	(55)	-
	<u>-</u>	<u>-</u>	<u>(55)</u>	<u>-</u>

There is an unprovided deferred tax asset of £55,000 (2011 £nil) in the Company and the Group in respect of losses carried forward

### **13 Called up share capital**

<b>Company and Group</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Allotted and fully paid</b>		
49,268,988 (2011 100) ordinary shares of £1 each	<u><b>49,268,988</b></u>	<u><b>100</b></u>

On 23 April 2012, the Company's immediate parent undertaking at that time, Centrica Renewable Energy Limited, subscribed for 14,068,888 ordinary shares of £1 each in the Company, in consideration of the release of the liability of the Company to repay the allottee the sum of £14,068,888 advanced by the allottee to the Company as at 29 February 2012

On 30 April 2012 Centrica Renewable Energy Limited, sold a 50% holding in the Company to DONG Energy Wind Power Holdings A/S (whose ultimate parent undertaking is DONG Energy A/S)

On 5 July 2012, the Company's shareholders, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, each subscribed for 5,600,000 ordinary shares of £1 each in the Company On 1 October 2012, the shareholders each subscribed for a further 4,000,000 ordinary shares of £1 each in the Company On 9 November 2012, the shareholders each subscribed for a further 5,500,000 ordinary shares of £1 each in the Company On 7 December 2012, the shareholders each subscribed for a further 2,500,000 ordinary shares of £1 each in the Company



# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

### **14 Profit and loss account**

<b>Group</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 January 2012	(2,283)	(2,283)
Loss for the financial year (note 15)	(824)	(824)
<b>At 31 December 2012</b>	<b>(3,107)</b>	<b>(3,107)</b>

  

<b>Company</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 January 2012	(2,283)	(2,283)
Loss for the financial year (note 15)	(824)	(824)
<b>At 31 December 2012</b>	<b>(3,107)</b>	<b>(3,107)</b>

### **15 Reconciliation of movements in shareholders' funds / (deficit)**

	<b>Group 2012 £000</b>	<b>Group 2011 £000</b>	<b>Company 2012 £000</b>	<b>Company 2011 £000</b>
Opening shareholders' deficit	(2,283)	(953)	(2,283)	(953)
Issue of share capital (note 13)	49,269	-	49,269	-
Loss for the financial year	(824)	(1,330)	(824)	(1,330)
<b>Closing shareholders' funds / (deficit)</b>	<b>46,162</b>	<b>(2,283)</b>	<b>46,162</b>	<b>(2,283)</b>

### **16 Net cash flow from operating activities**

	<b>2012 £000</b>	<b>2011 £000</b>
Operating loss	(824)	(1,330)
Increase in debtors	(4,286)	-
Increase in creditors	196	16
<b>Net cash outflow from operating activities</b>	<b>(4,914)</b>	<b>(1,314)</b>

# **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

## **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

### **17 Reconciliation of net debt**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Net debt at 1 January	(13,370)	(5,749)
Increase in net cash	8,728	-
Movement in borrowings	<u>13,370</u>	<u>(7,621)</u>
<b>Net cash / (debt) at 31 December</b>	<b><u>8,728</u></b>	<b><u>(13,370)</u></b>

	<b>At 1</b> <b>January</b> <b>2012</b> <b>£000</b>	<b>Cash flow</b> <b>£000</b>	<b>At 31</b> <b>December</b> <b>2012</b> <b>£000</b>
Cash at bank and in hand	-	8,728	8,728
Amounts owed to Centrica group undertakings	(13,370)	13,370	-
<b>Net (debt) / cash</b>	<b><u>(13,370)</u></b>	<b><u>22,098</u></b>	<b><u>8,728</u></b>

### **18 Contingent liabilities**

A fixed charge has been granted over the shares, and any rights associated with the shares, of the Company's subsidiary Rhiannon Wind Farm Limited. The charge has been granted to The Crown Estate Commissioners to secure all obligations and liabilities of Rhiannon Wind Farm Limited in connection with the lease of the Irish Sea Zone by The Crown Estate, together with all obligations and liabilities of the Company under the Zone Development Agreement with The Crown Estate.

### **19 Capital commitments**

The Company's contracted commitments at the end of the year, for which no provision has been made, were £12,125,000 (2011: £nil) and relate to achieving planning consent on the first wind farm project within the Irish Sea Zone.

### **20 Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to commitments from its immediate parent undertakings, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, to fund development of the Irish Sea Zone.

## **Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited)**

### **Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

#### **21 Related parties**

As the subsidiary of the Group is wholly owned by Celtic Array Limited (formerly Centrica Energy Renewable Investments Limited), the Group is taking advantage of the exemptions within FRS 8 from disclosure of transactions with other Group companies. The Group has entered into transactions with related parties who are not members of the Group.

Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S are considered to be related parties as they are the Company's immediate parent undertakings.

DONG Energy Wind Power A/S is considered to be a related party as it is a member of a group that is considered to be one of the ultimate controlling parties of the Company.

During the year, the Company incurred costs in relation to managerial and support services provided by Centrica Renewable Energy Limited of £3,561,000 (2011: £nil). The support services provided by Centrica Renewable Energy Limited included the payment of suppliers on behalf of the Group. The Company advanced cash flow funding to Centrica Renewable Energy Limited for this purpose, with any unused portion of the cash advanced being repayable to the Company.

During the year, the Company incurred costs in relation to managerial and support services provided by DONG Energy Wind Power A/S of £461,000 (2011: £nil).

Amounts owed by / (to) related parties	2012 £000	2011 £000
Centrica Renewable Energy Limited	4,286	(13,370)

#### **22 Ultimate parent undertakings**

Until 30 April 2012, the Company's immediate parent undertaking was Centrica Renewable Energy Limited, a company registered in England and Wales. From 30 April 2012, the immediate parent undertakings were Centrica Renewable Energy Limited (50%) and DONG Energy Wind Power Holdings A/S (50%), a company registered in Denmark.

Until 30 April 2012, the Company's ultimate parent undertaking and controlling party was Centrica plc, a company registered in England and Wales. From 30 April 2012, the ultimate parent undertakings and controlling parties were Centrica plc and DONG Energy A/S, a company registered in Denmark. Copies of the Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com). Copies of the DONG Energy A/S consolidated financial statements may be obtained from the Company Secretary at DONG Energy A/S, Kraftværksvej 53, Skærbæk, 7000 Fredericia, Denmark.