Registered Number: 07103802

Celtic Array Limited

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

Celtic Array Limited

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

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Celtic Array Limited

Strategic report for the year ended 31 December 2014

The Directors present the Strategic report of Celtic Array Limited ("the Company") and its subsidiary ("the Group") for the year ended 31 December 2014.

Review of business
The principal activity of the Group is the development of offshore wind farms. The Group operates under a joint venture structure, utilising resource from both parent undertakings.

During the year an in-depth feasibility assessment was conducted on the development work to date for each of the areas comprising the Irish Sea Zone ("the Zone"). This assessment confirmed that challenging ground conditions exist throughout the Zone such that it is not economically viable to proceed with the project using current technology.

In light of this conclusion the Company decided not to proceed with any further development work. Further, on 31 July 2014 agreement was reached with The Crown Estate to end the development agreement for the Zone and hence terminate the Company's seabed rights.

As a result of the feasibility assessment and the resulting termination to the Company's rights to develop the Zone, the costs incurred in respect of the development, which were previously presented as intangible assets in the balance sheet, were written off in the year. The Company is finalising the close-out of all contracts and outstanding obligations with its service providers.

At the current time, the Directors have made no further decision with regard to the future of the Company and no decision has been made to wind up the Company.

Within the year the Company's shareholders, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, each subscribed at par for 3,850,000 ordinary shares of £1 each in the Company.

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, including consents, engineering and commercial viability.

Development work was planned and conducted to target known risks, identify key constraints & impacts and to determine feasibility. Development work therefore aimed to progressively crystallise the risks and remove the uncertainties relating to the project.

The outcome of the Group's development activities, including the feasibility assessment, is described above.

Financial risk management and a description of the financial risks applicable to the Company are commented on in the Directors' report on page 3.

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.

Financial position
The financial position of the Company and of the Group is presented in the balance sheet on page 8. Shareholders' funds of the Company at 31 December 2014 were £12,152,000 (2013: £47,525,000) and of the Group were £12,152,000 (2013: £47,525,000).

This Strategic report was approved by the Board on 28 May 2015.

By order of the Board 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

Directors' report for the year ended 31 December 2014

The Directors present their report and the audited consolidated financial statements of Celtic Array Limited for the year ended 31 December 2014.

Future developments
The principal activity of the Company and its subsidiary during the year is the development of offshore wind farms. Future developments are commented on in the Strategic report on page 1.

Financial risk management
The Directors have established objectives and policies for managing financial risks to enable the 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 (2013: £nil).

Results and dividends
The results of the Group are set out on page 7. The consolidated loss for the financial year ended 31 December 2014 is £43,073,000 (2013: loss of £637,000).

No dividends were paid during the year (2013: £nil) and the Directors do not recommend the payment of a final dividend (2013: £nil).

Going concern
The Directors believe that preparing the financial statements on the going concern basis is appropriate due to guarantees provided by group companies of the ultimate parent undertakings, Centrica plc and DONG Energy A/S.

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

T F Brostrøm (alternate to P A H Pedersen)
J K Holst (alternate to B J Sykes)
R M McCord
P A H Pedersen
S P Redfern
B J Sykes
R F Tyreman (alternate to S P Redfern)

Directors' and officers' liability
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.

Celtic Array Limited

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

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 Group and the Company 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;
- 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.

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

This Directors' report was approved by the Board on 28 May 2015.

By order of the Board 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

Independent auditors' report to the members of Celtic Array Limited

Report on the financial statements

Our opinion
In our opinion, Celtic Array Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's and the Company's loss and the Group's 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.

What we have audited
Celtic Array Limited's financial statements comprise:

- the Balance sheets as at 31 December 2014;
- the consolidated Profit and loss account for the year then ended;
- the consolidated Cash flow statement 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

Independent auditors' report to the members of Celtic Array Limited (continued)

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 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) ("ISAs (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.

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 Group's and 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 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.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
2015

Celtic Array Limited

Consolidated profit and loss account for the year ended 31 December 2014

	Note	**2014 £000**	2013 £000
Administrative expenses		**(2,358)**	(637)
Operating loss	4	**(2,358)**	(637)
Loss on disposal of fixed assets	3	**(52,777)**	-
Loss on ordinary activities before interest and taxation		**(55,135)**	(637)
Interest receivable and similar income	8	**4**	-
Loss on ordinary activities before taxation		**(55,131)**	(637)
Tax on loss on ordinary activities	9	**12,058**	-
Loss for the financial year	16	**(43,073)**	(637)

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 10 to 20 form part of these financial statements.

Celtic Array Limited

Balance sheets as at 31 December 2014

	Note	**Group 2014 £000**	Group 2013 £000	**Company 2014 £000**	Company 2013 £000
Fixed assets					
Intangible assets	10	**-**	48,199	**-**	48,199
Investments	11	**-**	-	**-**	-
		-	48,199	**-**	48,199
Current assets					
Debtors - amounts falling due within one year	12	**12,305**	327	**12,305**	327
Cash at bank and in hand		**109**	1,228	**109**	1,228
		12,414	1,555	**12,414**	1,555
Creditors - amounts falling due within one year	13	**(262)**	(2,229)	**(262)**	(2,229)
Net current assets / (liabilities)		**12,152**	(674)	**12,152**	(674)
Total assets less current liabilities		**12,152**	47,525	**12,152**	47,525
Net assets		**12,152**	47,525	**12,152**	47,525
Capital and reserves					
Called up share capital	15	**58,969**	51,269	**58,969**	51,269
Profit and loss account	16	**(46,817)**	(3,744)	**(46,817)**	(3,744)
Total shareholders' funds	17	**12,152**	47,525	**12,152**	47,525

The notes on pages 10 to 20 form part of these financial statements.

The financial statements on pages 7 to 20 were approved and authorised for issue by the Board of Directors on 28 May 2015 and were signed on its behalf by:

Director
SIMON REDFERN

Director
BENJAMIN SYKES

Registered Number: 07103802

Celtic Array Limited

Consolidated cash flow statement for the year ended 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Net cash (outflow) / inflow from operating activities	18		**(2,421)**		3,572
Capital expenditure and financial investment					
Purchase of intangible assets		**(6,400)**		(13,072)	
Disposal of intangible assets		**2**		-	
Net cash outflow for capital expenditure and financial investment			**(6,398)**		(13,072)
Net cash outflow before use of liquid resources and financing			**(8,819)**		(9,500)
Management of liquid resources					
Financing					
Proceeds of issuance of ordinary shares	15	7,700		2,000	
Net cash inflow from financing			7,700		2,000
Decrease in net cash			**(1,119)**		(7,500)

The notes on pages 10 to 20 form part of these financial statements.

Celtic Array Limited

Notes to the consolidated financial statements for the year ended 31 December 2014

1 Principal accounting policies

Accounting principles
These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with 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 Directors believe that preparing the financial statements on the going concern basis is appropriate due to guarantees provided by group companies of the ultimate parent undertakings, Centrica plc and DONG Energy A/S.

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.

Notes to the consolidated financial statements for the year ended 31 December 2014 (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 Exceptional item

	2014	2013
	£000	£000
Loss on disposal of fixed assets (note 10)	**(52,777)**	-

During the year an in-depth feasibility assessment was conducted of the development work to date for each of the areas comprising the Zone. This assessment confirmed that challenging ground conditions exist throughout the Zone such that it is not economically viable to proceed with the project using current technology.

As a result of the feasibility assessment and the resulting termination to the Company's rights to develop the Zone, the entire intangible asset value incurred to date was written-off in the year and is stated above net of cash received from the sale of meteorological equipment to a parent undertaking.

4 Operating loss

Auditors' remuneration was £7,800 (2013: £10,000) and relates to fees for the audit of the UK GAAP statutory financial statements of the Company and the consolidated financial statements.

5 Directors' emoluments

The aggregate emoluments paid to Directors in respect of their qualifying services is £nil (2013: £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.

6 Employee information

The Group and the Company had no employees and no staff costs (2013: £nil).

7 Losses of parent company

A loss of £43,073,000 (2013: £637,000) is dealt with in the financial statements of Celtic Array Limited. The loss on ordinary activities before taxation was £55,131,000 (2013: £637,000).

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.

8 Interest receivable and similar income

	2014	2013
	£000	£000
Interest receivable from parent undertakings	**4**	-

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

9 Tax on loss on ordinary activities

	2014 £000	2013 £000
(a) Analysis of tax credit for the year		
The tax credit comprises:		
Current tax:		
Amount receivable from parent undertakings in respect of consortium relief	**(11,832)**	-
Adjustment in respect of previous periods - Consortium relief	**(226)**	-
Total current tax	**(12,058)**	-
Deferred tax:		
Origination and reversal of timing differences	**(189)**	-
Adjustments in respect of previous periods	**176**	-
Effect of change to corporation tax rate	**13**	-
Total tax on loss on ordinary activities	**(12,058)**	-

The Company has surrendered tax losses to members of the groups to which its parent undertakings belong. The Company has surrendered the benefit of £241,000 of 2012 tax losses for a consideration of £59,000 and the benefit of £716,000 of 2013 tax losses for a consideration of £167,000. The Company will similarly surrender its 2014 tax losses to members of the groups to which its parent undertakings belong.

(b) Factors affecting the tax credit for the year

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

	2014 £000	2013 £000
Loss on ordinary activities before taxation	**(55,131)**	(637)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21.49% (2013: 23.25%)	**(11,849)**	(148)
Effects of:		
Capital allowances in excess of depreciation	**17**	-
Adjustment in respect of previous periods - Consortium relief	**(226)**	-
Losses carried forward	**-**	148
Total current tax credit for the year	**(12,058)**	-

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

10 Intangible assets

Group and Company	**Agreements, consents, and associated costs** **£000**
Cost	
At 1 January 2014	48,199
Additions	4,580
Disposals	(52,779)
At 31 December 2014	-
Net book value	
At 31 December 2014	-
At 31 December 2013	48,199

Intangible assets comprised capitalised development consents, zone development agreements and associated costs.

During the year an in-depth feasibility assessment was conducted of the development work to date for each of the areas comprising the Zone. This assessment confirmed that challenging ground conditions exist throughout the Zone such that it is not economically viable to proceed with the project using current technology.

As a result of the feasibility assessment and the resulting termination to the Company's rights to develop the Zone, the entire intangible asset value incurred to date was written-off in the year.

11 Investments

Company	Investment in subsidiary £
Cost	
At 1 January 2014	1
Additions	-
At 31 December 2014	**1**
Net book value	
At 31 December 2014	**1**
At 31 December 2013	1

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

At 31 December 2014, the Company held an interest in the issued share capital of the following undertaking, which has been consolidated in these financial statements:

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

12 Debtors - amounts falling due within one year

	Group 2014 £000	Group 2013 £000	**Company 2014 £000**	Company 2013 £000
Amounts owed by related party undertakings	**12,062**	-	**12,062**	-
VAT recoverable	**243**	327	**243**	327
	12,305	327	**12,305**	327

Amounts owed by related party undertakings are unsecured and relate to consideration for the surrender of tax losses, together with associated interest accrued from the due dates at a floating rate consisting of LIBOR plus a margin, compounded monthly. Of the amounts owed by related party undertakings, £230,000 (2013: £nil) is repayable on demand and £11,832,000 (2013: £nil) is due within nine months of the balance sheet date.

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

13 Creditors – amounts falling due within one year

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Trade creditors	-	855	-	855
Amounts owed to related party undertakings	149	97	149	97
Accruals	113	1,277	113	1,277
	262	2,229	262	2,229

14 Deferred taxation

The deferred corporation tax (asset) / provision at 20% (2013: 20%) is analysed as follows:

	Provided		Unprovided	
	At 31 December 2014 £000	At 31 December 2013 £000	At 31 December 2014 £000	At 31 December 2013 £000
Deferred corporation tax - losses	-	-	-	(176)
	-	-	-	(176)

At 31 December 2013 a deferred tax asset of £176,000 was not recognised on the basis that there was insufficient evidence that the asset would be recoverable.

15 Called up share capital

Company and Group	2014 £	2013 £
Allotted and fully paid		
58,968,988 (2013: 51,268,988) ordinary shares of £1 each	58,968,988	51,268,988

During the year, the Company's shareholders, Centrica Renewable Energy Limited and DONG Energy Wind Power Holdings A/S, each subscribed at par for ordinary shares of £1 each in the Company as follows:

	Number of shares
February 2014	1,000,000
May 2014	100,000
June 2014	200,000
July 2014	850,000
August 2014	1,300,000
October 2014	400,000

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

16 Profit and loss account

Group	Profit and loss account £000	Total £000
At 1 January 2014	(3,744)	(3,744)
Loss for the financial year	(43,073)	(43,073)
At 31 December 2014	**(46,817)**	**(46,817)**

Company	Profit and loss account £000	Total £000
At 1 January 2014	(3,744)	(3,744)
Loss for the financial year	(43,073)	(43,073)
At 31 December 2014	**(46,817)**	**(46,817)**

17 Reconciliation of movements in shareholders' funds

	Group 2014 £000	Group 2013 £000	**Company 2014 £000**	Company 2013 £000
Opening shareholders' funds	**47,525**	46,162	**47,525**	46,162
Issue of share capital (note 15)	**7,700**	2,000	**7,700**	2,000
Loss for the financial year (note 16)	**(43,073)**	(637)	**(43,073)**	(637)
Closing shareholders' funds	**12,152**	47,525	**12,152**	47,525

18 Net cash flow from operating activities

	2014 £000	2013 £000
Operating loss	**(2,358)**	(637)
Decrease in debtors	**-**	4,286
Decrease in creditors	**(63)**	(77)
Net cash (outflow) / inflow from operating activities	**(2,421)**	3,572

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

19 Reconciliation of net funds

	2014	2013
	£000	£000
Net funds at 1 January	**1,228**	8,728
Decrease in net cash	**(1,119)**	(7,500)
Net funds at 31 December	**109**	1,228

	As at 1 January 2014	**Cash flow**	**As at 31 December 2014**
	£000	**£000**	**£000**
Cash at bank and in hand	1,228	(1,119)	109
Net funds	**1,228**	**(1,119)**	**109**

20 Contingent liabilities

A fixed charge had been granted over the shares, and any rights associated with the shares, of the Company's subsidiary Rhiannon Wind Farm Limited. The charge was 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 ("the Zone") by The Crown Estate, together with all obligations and liabilities of the Company under the Zone Development Agreement with The Crown Estate.

During the year agreement was reached with The Crown Estate to end the Zone Development Agreement and as a result the charge granted over the shares of Rhiannon Wind Farm Limited was released.

21 Capital commitments

The Company has no unprovided contracted commitments at the end of the year. At 31 December 2013 the Company's contracted commitments for which no provision had been made were £11,000,000 and related to the wind farm development project within the Irish Sea Zone.

22 Related parties

As the subsidiary of the Group is wholly owned by Celtic Array 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 A/S, DONG Energy Wind Power A/S, DONG Energy Burbo (UK) Limited, Centrica plc, Centrica (Lincs) Wind Farm Limited and British Gas Trading Limited are considered to be related parties as they are members of groups that are considered to be the ultimate controlling parties of the Company.

The Company has surrendered the benefit of £120,500 of 2012 tax losses and the benefit of £358,000 of 2013 tax losses to DONG Energy Burbo (UK) Limited for a consideration of £113,000 (2013: £nil).

The Company will similarly surrender the benefit of £27,526,000 of its 2014 tax losses to a member of DONG Energy A/S group for a consideration of £5,916,000.

The Company has surrendered the benefit of £120,500 of 2012 tax losses to Centrica (Lincs) Wind Farm Limited for a consideration of £30,000 (2013: £nil) and the benefit of £358,000 of 2013 tax losses to British Gas Trading Limited for a consideration of £83,000 (2013: £nil).

The Company will similarly surrender the benefit of £27,526,000 of its 2014 tax losses to a member of Centrica plc group for a consideration of £5,916,000.

Interest accrues on the consideration receivable from the respective due dates at a floating rate consisting of LIBOR plus a margin, compounded monthly. The total interest receivable during the year from DONG Energy Burbo (UK) Limited was £2,000 (2013: £nil), from Centrica (Lincs) Wind Farm Limited was £1,000 (2013: £nil) and British Gas Trading Limited was £1,000 (2013: £nil).

During the year the Company sold meteorological equipment to Centrica Renewable Energy Limited for £2,000 and the Company incurred costs in relation to managerial and support services provided by Centrica Renewable Energy Limited and DONG Energy Wind Power A/S as noted below.

	Purchase of managerial and support services	
	2014	2013
Purchase transactions with related parties for the year were:	**£000**	£000
Centrica Renewable Energy Limited	**(2,238)**	(3,712)
DONG Energy Wind Power A/S	**(424)**	(1,311)

Balances outstanding with related parties at 31 December were:

	2014	2013
Amounts owed (to) / by related parties	**£000**	£000
Centrica Renewable Energy Limited	**(130)**	-
DONG Energy Wind Power A/S	**(19)**	(97)
DONG Energy Burbo (UK) Limited	**115**	-
Centrica (Lincs) Wind Farm Limited	**31**	-
British Gas Trading Limited	**84**	-
DONG Energy A/S group	**5,916**	-
Centrica plc group	**5,916**	-

Celtic Array Limited

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

23 Ultimate parent undertakings

The Company's immediate parent undertakings are Centrica Renewable Energy Limited (50%), a company registered in England and Wales, and DONG Energy Wind Power Holdings A/S (50%), a company registered in Denmark.

The Company's ultimate parent undertakings and controlling parties are Centrica plc, a company registered in England and Wales, 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. 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.