

Registered Number: 04942184

Centrica (DSW) Limited

**Annual report and Financial Statements
For the year ended 31 December 2013**



Centrica (DSW) Limited

Annual report and Financial Statements for the year ended 31 December 2013

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Centrica (DSW) Limited

Strategic report for the year ended 31 December 2013

The Directors present the Strategic report of the Company for the year ended 31 December 2013.

Principal activities

The principal activity of the Company was the development, construction and operation of an offshore wind farm. During 2012, application for consent to further develop the site was declined. As a result the principal activity of the Company is to decommission constructed assets. The Company's activity occurred wholly within the United Kingdom.

Review of business

The Company submitted an application for consent to the Department of Energy and Climate Change (DECC) in December 2008 for its development of the Docking Shoal Offshore Wind Farm ("Docking Shoal") project in the Greater Wash strategic development area designated by the UK Government and subsequently submitted Supplementary Environmental Information (SEI) in September 2009. During 2012, this application for consent to further develop the site was declined. As a result the fixed assets of the Company were impaired by £10,643,000. During 2013, the met mast lattice tower was decommissioned. The met mast foundation is still to be decommissioned in the future.

Future developments

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

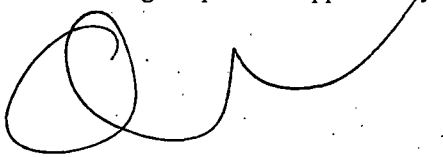
Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company are discussed on pages 42-48 of the Annual Report and Accounts 2013 of the Group which does not form part of this report.

Key performance indicators

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 16-17 of the Annual Report and Accounts 2013 of the Group which does not form part of this report.

This Strategic report was approved by the Board on 17 June 2014.



For and on behalf of:
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No. 04942184

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica (DSW) Limited

Directors' report for the year ended 31 December 2013

The Directors present their report and the audited financial statements of Centrica (DSW) Limited ("the Company") for the year ended 31 December 2013.

Future developments

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

Financial risk management

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its 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 Company's business:

- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Credit risk is predominantly limited to exposures with other Centrica plc group undertakings.
- Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly.
- Liquidity risk is managed through funding arrangements with Centrica plc group undertakings.

The Company did not take part in hedging of any kind (2012: £nil). The Company would assess the need to hedge foreign currency risk should exposures arise.

Results and dividends

The results of the Company are set out on page 6. The profit for the financial year ended 31 December 2013 is £762,000 (2012: Loss of £11,233,000). No dividends were paid during the year (2012: £nil) and the Directors do not recommend the payment of a final dividend (2012: £nil).

Financial position

The financial position of the Company is presented in the balance sheet on page 7. The total shareholders' deficit at 31 December 2013 was £12,069,000 (2012: £12,831,000).

Going concern

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

Directors

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

D A J Crowther

S P Redfern

R M McCord (Appointed 12 August 2013)

J E Knight (Appointed 1 January 2014)

G S Collinson (Resigned 1 January 2014)

T Hinton (Resigned 12 August 2013)

Directors' and officers' liability

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

Centrica (DSW) Limited

Directors' report for the year ended 31 December 2013 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

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

Independent auditors

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

This Directors' report was approved by the Board on 17 June 2014.



For and on behalf of:
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No. 04942184

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica (DSW) Limited

Independent auditors' report to the members of Centrica (DSW) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Centrica (DSW) Limited comprise:

- the Balance Sheet as at 31 December 2013
- 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 their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (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.

In addition, we read all the financial and non-financial information in the Strategic report, Director's 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Centrica (DSW) Limited

Independent auditors' report to the members of Centrica (DSW) Limited (continued)

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 if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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 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.

Mark King (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2014

Centrica (DSW) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Administrative expenses	3	802	(542)
Exceptional - Impairment of tangible assets	3	-	(10,643)
Operating profit / (loss) after exceptional item		802	(11,185)
Interest payable and similar charges	6	(40)	(48)
Profit / (loss) on ordinary activities before taxation		762	(11,233)
Tax on profit / loss on ordinary activities	7	-	-
Profit / (loss) for the financial year	13	762	(11,233)

The Company has no recognised gains or losses other than the profit (2012: loss) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit (2012: loss) on ordinary activities before taxation and the profit (2012: loss) for the financial years stated and their historical cost equivalents.

All activities relate to continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

Centrica (DSW) Limited

Balance sheet as at 31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	8	-	-
Current assets			
Debtors	9	82	1,051
Creditors - amounts falling due within one year	10	(10,777)	(12,071)
Net current liabilities		<u>(10,695)</u>	<u>(11,020)</u>
Total assets less current liabilities		(10,695)	(11,020)
Provisions for liabilities	11	<u>(1,374)</u>	<u>(1,811)</u>
Net liabilities		<u><u>(12,069)</u></u>	<u><u>(12,831)</u></u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	<u>(12,069)</u>	<u>(12,831)</u>
Total shareholders' deficit	14	<u><u>(12,069)</u></u>	<u><u>(12,831)</u></u>

The notes on pages 8 to 14 form part of these financial statements.

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board of Directors on 17 June 2014 and were signed on its behalf by:



S P Redfern
Director

Company No. 04942184

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

Accounting principles

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

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

Basis of preparation

The Directors believe that the going concern basis is applicable for the preparation of the financial statements as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future.

Tangible assets

Tangible assets are included in the balance sheet at historic cost, less accumulated depreciation and any provisions for impairment.

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

Payments on account represent payments that the Company has made in respect of tangible assets for which it has not yet taken delivery. The assets have not yet been employed by the Company, and accordingly no depreciation charge is recognised for this class of asset. On delivery, the payments on account are reclassified to the relevant asset class and depreciated in accordance with the policy of that class.

Impairment

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

Foreign currency

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

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (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 Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Abandonment provision and decommissioning asset

Provision is made for the net present value of the estimated cost of decommissioning the asset at the end of its useful life, based on price levels and technology at the balance sheet date.

Changes in these estimates and changes to the discount rates are dealt with prospectively.

When this provision gives access to future economic benefits, a decommissioning asset is recognised and included within tangible fixed assets. The decommissioning asset is amortised on a straight-line basis over the useful life of the wind farm from the date that the asset is brought into use.

The unwinding of the discount on the provision is included in the profit and loss account within interest payable.

Loans payable

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

2 Cash flow statement and related party disclosures

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

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Profit/(loss) on ordinary activities before taxation

At 31 December 2012, the Company had accrued for a contract cancellation charge of £1,563,000 resulting from the declining of the application for consent to further develop the site. During 2013, the charge was revised down to £621,000, releasing £942,000 of the accrued charge to the profit and loss account.

Auditors' remuneration was £9,000 (2012: £9,000) and relates to fees for the audit of the UK GAAP statutory financial statements of Centrica (DSW) Limited.

During 2012, application for consent to further develop the site was declined. As a result the fixed assets of the Company were impaired by £10,643,000.

4 Directors' emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £59,991 (2012: £81,853). The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services was £10,925 (2012: £6,959). The aggregate compensation payments paid to directors in respect of loss of office were £nil (2012: 26,400). There were four directors (2012: 5) to whom retirement benefits are accruing under a defined benefit pension scheme. There was one director (2012: nil) to whom retirement benefits are accruing under money purchase pension schemes. There were four directors (2012: 4) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme. There were three directors (2012: 3) who exercised share options relating to the ultimate parent company. All of these costs were borne by other Centrica group companies.

5 Employee information

The Company has no employees and no staff costs (2012: £nil). Any costs relating to employees are borne by other Centrica group companies.

6 Interest payable and similar charges

	2013 £000	2012 £000
Unwinding of discount on abandonment provision	<u>40</u>	<u>48</u>

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Tax on profit/(loss) on ordinary activities

	2013 £000	2012 £000
(a) Analysis of tax charge for the year		
The tax charge comprises:		
Current tax:		
United Kingdom corporation tax at 23.25% (2012: 24.5%)	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax on profit/(loss) on ordinary activities	-	-

(b) Factors affecting the tax charge for the year

The tax assessed for the financial year differs (2012: differs) from that calculated at the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before taxation	762	(11,233)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	177	(2,752)
Effects of:		
Depreciation on non qualifying assets	-	320
Depreciation in excess of capital allowances	-	1,859
Expenses not deductible for tax purposes	154	-
Movement in short term timing differences	(101)	441
Utilisation of tax losses	(230)	-
Losses / (profits) not recognised for tax purposes	-	132
Total current tax charge for the year	-	-

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013. Further reductions to reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015 were substantively enacted in Finance Act 2013 on 2 July 2013 and have been reflected within these financial statements.

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tangible assets

	Payments on account and assets under construction £000	Decommissioning asset £000	Total £000
Cost			
As at 1 January 2013	8,893	1,750	10,643
Revisions	-	-	-
Additions	-	-	-
As at 31 December 2013	8,893	1,750	10,643
Accumulated depreciation			
As at 1 January 2013	8,893	1,750	10,643
Impairment charge	-	-	-
As at 31 December 2013	8,893	1,750	10,643
Net book value			
As at 31 December 2013	-	-	-
As at 31 December 2012	-	-	-

9 Debtors

	2013 £000	2012 £000
Amounts owed by parent group undertaking	25	-
Value Added Tax	-	1
Other debtors	57	1,050
	82	1,051

10 Creditors – amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to Group undertakings	10,131	10,433
Accruals and deferred income	646	1,638
	10,777	12,071

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Provisions for liabilities

	Abandonment provision £000	Deferred tax provision £000	Total £000
As at 1 January 2013	1,811	-	1,811
Utilised	(618)	-	(618)
Additions / revisions	141	-	141
Profit and loss charge	40	-	40
As at 31 December 2013	1,374	-	1,374

Abandonment provision

The abandonment provision represents the future expected costs of decommissioning the asset, discounted to its present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be within the next five years. The above provision relates solely to works performed on the site as at the balance sheet date. In determining the provision the cash flows have been discounted on a pre-tax basis using an annual real interest rate of 2.2% (2012: 2.2%). The assumed rate of inflation is 2.5% (2012: 2.5%).

Deferred taxation

A deferred tax asset of £436,444 (2012: £2,602,000) in respect of pre-trading expenditure has not been recognised on the basis that there is insufficient evidence that the asset will be recoverable.

Centrica (DSW) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

12 Called up share capital

	2013 £	2012 £
Allotted and fully paid		
2 ordinary shares (2012:2) of £1 each	<u>2</u>	<u>2</u>

13 Profit and loss account

	Profit and loss account £000
At 1 January 2013	(12,831)
Profit for the financial year (note 14)	<u>762</u>
At 31 December 2013	<u>(12,069)</u>

14 Reconciliation of movements in shareholders' deficit

	2013 £000	2012 £000
Opening shareholders' deficit at 1 January	(12,831)	(1,598)
Profit / (loss) for the financial year	<u>762</u>	<u>(11,233)</u>
Closing shareholders' deficit at 31 December	<u>(12,069)</u>	<u>(12,831)</u>

15 Going concern

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

16 Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica Renewable Energy Limited, a company registered in England and Wales.

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