Registration number: 07103802

Celtic Array Limited

Annual Report and Financial Statements
For the year ended 31 December 2015

Celtic Array Limited

Annual Report and Financial Statements for the year ended 31 December 2015

Contents

Celtic Array Limited

Strategic report for the year ended 31 December 2015

The Directors present the Strategic report of Celtic Array Limited ("the Company") and its subsidiary ("the Group") for the year ended 31 December 2015.

Principal activities
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 as required.

Review of the business
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The Group's transition date to IFRS was 1 January 2014 and comparatives have been evaluated under the new standards. For details of the transition to IFRS and the outcome of this change on the Group's financial position, see note 23.

In 2014 the Company decided not to proceed with any further development work with the Irish Sea Zone. During 2015 the Company finalised and settled any remaining development-related liabilities and now undertakes limited activities to ensure the recovery of value from its assets. At the current time, the Directors have made no further decision with regard to the future of the Group.

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 statements of financial position on page 9. Total equity of the Company at 31 December 2015 was £12,098,000 (2014: £12,152,000) and of the Group was £12,098,000 (2014: £12,152,000).

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

At present the Group is undertaking limited activities and so its principal risks and uncertainties are limited to ensuring the recovery of value from its assets.

Financial risk management and a description of the financial risks applicable to the Group are commented on in the Directors' report on page 2.

This Strategic report was approved by the Board on 7 September 2016.

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
SL4 5GD

Celtic Array Limited

Directors' report for the year ended 31 December 2015

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2015.

Directors

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

T F Brostrøm (alternate to P A H Pedersen) (resigned 15 December 2015)

J K Holst (alternate to B J Sykes) (resigned 31 May 2015)

M B Larsen (appointed 15 December 2015)

R M McCord

P A H Pedersen (resigned 15 December 2015)

S P Redfern

B J Sykes

R F Tyreman (alternate to S P Redfern) (resigned 1 June 2015)

Results and dividends

The results of the Group are set out on page 7. The consolidated loss for the year ended 31 December 2015 is £54,000 (2014: loss of £43,073,000).

No dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Financial instruments

Objectives and policies

The Directors have established objectives and policies for managing financial risks to enable the Group to achieve its long-term shareholder value 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. This is discussed further in note 20.

Credit risk, liquidity risk and cash flow risk

• 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 and reviewed.
• Liquidity risk is managed through funding arrangements with the shareholders.

The Group did not take part in hedging of any kind (2014: £nil).

Future developments

At the current time, the Company is undertaking limited activities to ensure the recovery of value from its assets. The Directors have made no further decision with regard to the future of the Group.

Celtic Array Limited

Directors' report for the year ended 31 December 2015 (continued)

Going concern
The Directors believe that preparing the financial statements on the going concern basis is appropriate as the Company maintains sufficient working capital to continue operating for the foreseeable future.

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.

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 parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 and the Group 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.

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

Disclosure of information to the auditors
Each of the Directors who held office at the date of approval of the Directors' report has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Celtic Array Limited

Directors' report for the year ended 31 December 2015 (continued)

Reappointment of auditors
The auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006 and therefore continue in office.

This Directors' report was approved by the Board on 7 September 2016.

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
SL4 5GD

Celtic Array Limited

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 2015 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited
The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statements of financial position as at 31 December 2015;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statements of cash flows for the year then ended;
- the Consolidated statements of changes in equity 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 IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

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 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.

Celtic Array Limited

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

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.

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 International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the 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 the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.

K Stent

Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
9 September 2016

Celtic Array Limited

Consolidated income statement for the year ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative expenses	5	(61)	(2,358)
Other losses	6	-	(52,777)
Operating loss		(61)	(55,135)
Finance income	7	1	4
Loss on ordinary activities before income tax		(60)	(55,131)
Income tax	11	6	12,058
Loss for the year		(54)	(43,073)

The above results were derived from continuing operations.

The notes on pages 12 to 24 form an integral part of these financial statements.

Celtic Array Limited

Consolidated statement of comprehensive income for the year ended 31 December 2015

	2015 £ 000	2014 £ 000
Loss for the year	(54)	(43,073)
Total comprehensive expense for the year	(54)	(43,073)

The notes on pages 12 to 24 form an integral part of these financial statements.

Celtic Array Limited

Statements of financial position as at 31 December 2015

	Note	Group 31 December 2015 £ 000	Group 31 December 2014 £ 000	Group 1 January 2014 £ 000	Company 31 December 2015 £ 000	Company 31 December 2014 £ 000	Company 1 January 2014 £ 000
Assets							
Non-current assets							
Intangible assets	12	-	-	48,199	-	-	48,199
Investments in subsidiaries	13	-	-	-	-	-	-
Total non-current assets		-	-	48,199	-	-	48,199
Current assets							
Trade and other receivables	14	11,838	12,305	327	11,838	12,305	327
Cash and cash equivalents	15	272	109	1,228	272	109	1,228
Total current assets		12,110	12,414	1,555	12,110	12,414	1,555
Total assets		12,110	12,414	49,754	12,110	12,414	49,754
Equity and liabilities							
Current liabilities							
Trade and other payables	16	12	262	2,229	12	262	2,229
Total liabilities		12	262	2,229	12	262	2,229
Equity							
Share capital	17	58,969	58,969	51,269	58,969	58,969	51,269
Accumulated losses	18	(46,871)	(46,817)	(3,744)	(46,871)	(46,817)	(3,744)
Total equity		12,098	12,152	47,525	12,098	12,152	47,525
Total equity and liabilities		12,110	12,414	49,754	12,110	12,414	49,754

The financial statements on pages 7 to 24 were approved by the Board on 7 September 2016 and signed by order of the Board:

Director

B S SYKES

Registered Number: 07103802

Director

S P REDFERN

The notes on pages 12 to 24 form an integral part of these financial statements.

Celtic Array Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2015	58,969	(46,817)	12,152
Loss for the year	-	(54)	(54)
Total comprehensive expense for the year	-	(54)	(54)
At 31 December 2015	58,969	(46,871)	12,098

	Share capital £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2014	51,269	(3,744)	47,525
Loss for the year	-	(43,073)	(43,073)
Total comprehensive expense for the year	-	(43,073)	(43,073)
Proceeds from shares issued (note 17)	7,700	-	7,700
At 31 December 2014	58,969	(46,817)	12,152

The notes on pages 12 to 24 form an integral part of these financial statements.

Celtic Array Limited

Consolidated statements of cash flows for the year ended 31 December 2015

	Note	Group 2015 £ 000	Group 2014 £ 000	Company 2015 £ 000	Company 2014 £ 000
Cash flows from operating activities					
Loss for the year		(54)	(43,073)	(54)	(43,073)
Adjustments for:					
Loss on disposal of intangible assets	6	-	52,777	-	52,777
Finance income	7	(1)	(4)	(1)	(4)
Income tax	11	(6)	(12,058)	(6)	(12,058)
Operating cash flows before movements in working capital		(61)	(2,358)	(61)	(2,358)
Working capital adjustments:					
Decrease in trade and other receivables		243	-	243	-
Decrease in trade and other payables		(250)	(63)	(250)	(63)
Cash used in operations		(68)	(2,421)	(68)	(2,421)
Income taxes and consortium relief received		226	-	226	-
Interest received		5	-	5	-
Net cash flow generated from / (used in) operating activities		163	(2,421)	163	(2,421)
Cash flows from investing activities					
Acquisition of intangible assets		-	(6,400)	-	(6,400)
Proceeds from sale of intangible assets		-	2	-	2
Net cash flows from investing activities		-	(6,398)	-	(6,398)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	17	-	7,700	-	7,700
Net cash flows from financing activities		-	7,700	-	7,700
Net increase/(decrease) in cash and cash equivalents		163	(1,119)	163	(1,119)
Cash and cash equivalents at 1 January		109	1,228	109	1,228
Cash and cash equivalents at 31 December		272	109	272	109

The notes on pages 12 to 24 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2015

1 General information

The Company and its subsidiary are private companies limited by share capital, incorporated and domiciled in England & Wales.

The address of the Company's registered office and principal place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
England

These financial statements were authorised for issue by the Board on 7 September 2016.

2 Accounting policies

Statement of compliance
The Group financial statements have been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations as adopted by the European Union ("adopted IFRSs") and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The Group financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules. The Group's transition date to IFRS was 1 January 2014 and comparatives have been evaluated under the new standards. For details of the transition to IFRS and the outcome of this change on the Group's financial position, see note 23.

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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Going concern
The Directors believe that preparing the financial statements on the going concern basis is appropriate as the Company maintains sufficient working capital to continue operating for the foreseeable future.

2 **Accounting policies (continued)**

Changes in accounting policy

New standards, amendments and interpretations adopted
None of the standards, interpretations and amendments effective for the first time from 1 January 2015 has had a material effect on the financial statements.

New standards, amendments and interpretations not yet adopted
None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2015, and which have not been adopted early, would be expected to have a material effect on the financial statements.

Foreign currency transactions and balances
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 reporting date, and movements are included in the income statement.

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

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

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs of disposal. 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Celtic Array Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

2 **Accounting policies (continued)**

Financial assets and liabilities
Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the Group no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

The carrying amounts of the Group's financial assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The impairment loss is recognised in the income statement. If an impairment loss recognised in prior periods decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed, with the amount of the reversal recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise current balances with banks, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, which is usually the transaction price and subsequently measured at amortised cost using the effective interest method.

Tax
Income tax for the period comprises current tax and deferred tax. Tax is recognised in the income statement, except for tax attributable to an item of income or expense recognised as other comprehensive income, which is also recognised directly in other comprehensive income.

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 date of these financial statements.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits in the foreseeable future, against which the deductible temporary difference can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the date of the financial statements. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled. Deferred tax is measured on a non-discounted basis.

2 Accounting policies (continued)

Interest income
Interest income is recognised in the income statement using the effective interest method.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of long-lived assets
The Company's fixed assets are assessed or tested for impairment at each reporting date in accordance with the accounting policy as described in note 2. The Company makes judgements and estimates in considering whether the carrying amounts of these assets or cash generating units (CGUs) are recoverable.

4 Losses of parent company

A loss of £54,000 (2014: loss of £43,073,000) is dealt with in the financial statements of Celtic Array Limited. The loss on ordinary activities before taxation was £60,000 (2014: loss of £55,131,000).

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented an income statement for the Company alone.

5 Analysis of costs by nature

	2015 £ 000	2014 £ 000
Other operating expenses	(61)	(2,358)

6 Other losses

The analysis of the Group's other losses for the year is as follows:

	2015 £ 000	2014 £ 000
Loss on disposal of fixed assets	-	(52,777)

During 2014 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 was not economically viable to proceed with the project using the available 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 was written-off in 2014 and is stated above net of cash received from the sale of meteorological equipment to a parent undertaking.

7 Finance income

	2015 £ 000	2014 £ 000
Interest receivable from parent undertakings	1	4

8 Employee information

The Group and the Company had no employees and no staff costs (2014: £nil).

9 Directors' remuneration

The aggregate emoluments paid to Directors in respect of their qualifying services is £nil (2014: £nil). The Company is a jointly controlled entity and the Directors are nominated by the joint venture partners. Accordingly no emoluments are paid for their services to the Company.

10 Auditors' remuneration

Auditors' remuneration was £10,000 (2014: £7,800) and relates to fees for the audit of the statutory financial statements of the Company and the consolidated financial statements.

11 **Income tax**

Tax (credited) / charged in the income statement:

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax - Consortium relief	(115)	(11,832)
UK corporation tax adjustment to prior periods - Consortium relief	109	(226)
Total current tax	(6)	(12,058)
Deferred taxation		
Arising from origination and reversal of temporary difference	103	(189)
Adjustment in respect of previous periods	(101)	176
Effect of changes in tax rates	(2)	13
Total deferred tax	-	-
Income tax	(6)	(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 £54,546,000 of 2014 tax losses (2014: £241,000 of 2012 tax losses and £716,000 of 2013 tax losses) for a consideration of £11,723,000 (2014: £59,000 for 2012 tax losses and £167,000 for 2013 tax losses). The Company will surrender its 2015 tax losses to members of the groups to which its parent undertakings belong.

The tax assessed for the financial year differs (2014: differs) from that calculated at the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are reconciled below:

	2015 £ 000	2014 £ 000
Loss on ordinary activities before income tax	(60)	(55,131)
Loss multiplied by the standard rate of tax in the UK	(12)	(11,849)
Decrease in current tax from adjustment for prior periods	8	(226)
Deferred tax credit relating to changes in tax rates or laws	(2)	-
Capital allowances in excess of depreciation	-	17
Total tax credit	(6)	(12,058)

The standard rate of Corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Group's loss for this accounting year is taxed at a blended rate of 20.25%.

In addition to the changes in Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the Finance (No.2) Bill 2015. These include proposals to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These further changes were substantively enacted on 26 October 2015 and therefore have been included in the financial statements as the latest substantively enacted Corporation tax rates at the reporting date.

Celtic Array Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

12 Intangible assets

Group and Company	Agreements, consents and associated costs £ 000
Cost or valuation	
At 1 January 2014	48,199
Additions	4,580
Disposals	(52,779)
At 31 December 2014	-
At 31 December 2015	-
Carrying amount	
At 31 December 2015	-
At 31 December 2014	-
At 1 January 2014	48,199

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

During 2014 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 existed throughout the Zone such that it was 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 was written-off in 2014.

13 Investments in subsidiaries

Company	Investment in subsidiary £
Cost and Net book value	
At 31 December 2015	1
At 31 December 2014	1
At 1 January 2014	1

The investment in subsidiaries represents a 100% interest in the ordinary share capital of Rhiannon Wind Farm Limited, a company registered in England & Wales, the principal activity of which is the development of an offshore wind farm.

Celtic Array Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

14 Trade and other receivables

	Group 31 December 2015 £ 000	Group 31 December 2014 £ 000	Group 1 January 2014 £ 000	Company 31 December 2015 £ 000	Company 31 December 2014 £ 000	Company 1 January 2014 £ 000
Financial assets:						
Amounts owed by related party undertakings	11,838	12,062	-	11,838	12,062	-
Non-financial assets:						
VAT debtor	-	243	327	-	243	327
Total trade and other receivables	11,838	12,305	327	11,838	12,305	327

Amounts owed by related party undertakings are unsecured and relate to consideration for the surrender of tax losses.

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 19 "Fair value of financial instruments held at amortised cost".

The Group's exposure to credit risk relating to trade and other receivables is disclosed in note 20 "Financial risk management and impairment of financial assets". There have been no impairments to trade and other receivables and no allowances for credit losses are required.

15 Cash and cash equivalents

	Group 31 December 2015 £ 000	Group 31 December 2014 £ 000	Group 1 January 2014 £ 000	Company 31 December 2015 £ 000	Company 31 December 2014 £ 000	Company 1 January 2014 £ 000
Cash at bank	272	109	1,228	272	109	1,228

The Group's exposure to credit risk relating to cash and cash equivalents is disclosed in note 20 "Financial risk management and impairment of financial assets".

16 Trade and other payables

	Group 31 December 2015 £ 000	Group 31 December 2014 £ 000	Group 1 January 2014 £ 000	Company 31 December 2015 £ 000	Company 31 December 2014 £ 000	Company 1 January 2014 £ 000
Trade creditors	-	-	(855)	-	-	(855)
Amounts owed to related party undertakings	-	(149)	(97)	-	(149)	(97)
Accrued expenses	(12)	(113)	(1,277)	(12)	(113)	(1,277)
	(12)	(262)	(2,229)	(12)	(262)	(2,229)

The fair value of the trade and other payables classified as financial instruments are disclosed in note 19 "Fair value of financial instruments held at amortised cost".

The Group's exposure to liquidity risk, including maturity analysis, related to trade and other payables is disclosed in note 20 "Financial risk management and impairment of financial assets".

17 Share capital

Allotted and fully paid shares

	31 December 2015 No. 000	31 December 2015 £ 000	31 December 2014 No. 000	31 December 2014 £ 000	1 January 2014 No. 000	1 January 2014 £ 000
Ordinary shares of £1 each	58,969	58,969	58,969	58,969	51,269	51,269

During 2014 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.

18 Reserves

Accumulated losses

The balance classified as accumulated losses includes the profits and losses realised in previous years. No distributions from reserves have been made to the shareholders of the Company at the reporting date.

19 Fair value of financial instruments held at amortised cost

The Group's financial assets and liabilities measured at amortised cost comprise trade and other receivables, cash and cash equivalents and trade and other payables. Due to their nature and / or short-term maturity, the fair values of financial assets and liabilities measured at amortised cost are estimated to approximate their carrying values.

20 Financial risk management and impairment of financial assets

The Group is exposed to credit risk and liquidity risk by virtue of the assets and liabilities held. The Group's current limited activities means that it does not have material exposure to market risk. The Group's overall financial risk management approach aims to identify, manage and mitigate these risks.

Credit risk and impairment

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract.

The Group is exposed to credit risk due to its receivable balances from related parties and on the balance held with its bank. Counterparty credit exposures are monitored by individual counterparty.

There have been no material changes in the management of risk in the year or in the level of exposure to counterparties below investment grade.

Loans and receivables credit risk exposure

	31 December 2015 £ 000	31 December 2014 £ 000	1 January 2014 £ 000
AAA to BBB-	11,838	12,062	-

Cash and cash equivalents credit risk exposure

	31 December 2015 £ 000	31 December 2014 £ 000	1 January 2014 £ 000
AAA to BBB-	272	109	1,228

Concentrations of credit risk

The Group has amounts receivable from companies that are members of groups controlled by its ultimate parent undertakings.

The Group's cash and cash equivalents are all held with a single financial institution.

Past due and impaired financial assets

No financial assets are past due at 31 December 2015 (2014: £nil; 2013: £nil) and no allowances have been made for impairment by credit losses (2014: £nil; 2013: £nil).

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due.

To mitigate this risk the Group utilises available bank deposits and, as and when required, would recover balances due from related parties.

20 Financial risk management and impairment of financial assets (continued)

Maturity analysis

31 December 2015	Within 1 year £ 000	Total £ 000
Trade and other payables	(12)	(12)

31 December 2014	Within 1 year £ 000	Total £ 000
Trade and other payables	(262)	(262)

1 January 2014	Within 1 year £ 000	Total £ 000
Trade and other payables	(2,229)	(2,229)

Capital risk management

Capital components

The Group considers Capital to comprise share capital, accumulated losses and cash and cash equivalents.

	31 December 2015 £ 000	31 December 2014 £ 000	1 January 2014 £ 000
Total capital			
Share capital (note 17)	(58,969)	(58,969)	(51,269)
Accumulated losses	46,871	46,817	3,744
Cash and cash equivalents (note 15)	272	109	1,228
	(11,826)	(12,043)	(46,297)

Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders.

The Group monitors its current and projected capital position through cash flow forecasts.

21 Related party transactions

As the subsidiary of the Group is wholly owned by Celtic Array Limited, the Group is taking advantage of the exemptions within IAS 24 Related Party Disclosures 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 Power (UK) Limited, 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.

Income and receivables from related parties
There were no sales transactions with related parties during the current year. During 2014 the Company sold meteorological equipment to Centrica Renewable Energy Limited for £2,000.

Consortium relief provided to parent entities
The Company has surrendered the benefit of £12,958,000 of 2014 tax losses to DONG Energy Power (UK) Limited for a consideration of £2,785,000 (2014: £nil) and the benefit of £14,315,000 of 2014 tax losses to DONG Energy Burbo (UK) Limited for a consideration of £3,076,500 (2014: £120,500 of 2012 tax losses and £358,000 of 2013 tax losses for a consideration of £113,000).

The Company will surrender the benefit of £281,000 of its 2015 tax losses to a member of DONG Energy A/S group for a consideration of £57,500.

The Company has surrendered the benefit of £27,273,000 of 2014 tax losses to British Gas Trading Limited for a consideration of £5,861,500 (2014: £358,000 of 2013 tax losses to British Gas Trading Limited for a consideration of £83,000 and £120,500 of 2012 tax losses to Centrica (Lincs) Wind Farm Limited for a consideration of £30,000).

The Company will surrender the benefit of £281,000 of its 2015 tax losses to a member of Centrica plc group for a consideration of £57,500.

Interest accrued on the consideration receivable for the 2012 and 2013 tax losses 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 £500 (2014: £2,000), from Centrica (Lincs) Wind Farm Limited was £500 (2014: £1,000) and British Gas Trading Limited was £nil (2014: £1,000).

Amounts receivable from related parties at year-end
The amounts receivable at year-end were: DONG Energy Power (UK) Limited £2,785,000 (2014: £nil); DONG Energy Burbo (UK) Limited £3,076,500 (2014: £115,000); British Gas Trading Limited £5,861,500 (2014: £84,000); and Centrica (Lincs) Wind Farm Limited £nil (2014: £31,000).

In addition there are amounts receivable in respect of the expected surrender of 2015 tax losses (2014: expected surrender of 2014 tax losses), comprising DONG Energy A/S group £57,500 (2014: £5,916,000) and Centrica plc group £57,500 (2014: £5,916,000).

21 Related party transactions (continued)

Expenditure with and payables to related parties

2015	Centrica Renewable Energy Limited £ 000
Management and support services	(47)
Purchase transactions for the year	(47)
Amounts payable to related party at year-end	-

2014	DONG Energy Wind Power A/S £ 000	Centrica Renewable Energy Limited £ 000
Management and support services	(424)	(2,238)
Purchase transactions for the year	(424)	(2,238)
Amounts payable to related party at year-end	(19)	(130)

22 Parent and ultimate parent undertaking

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 companies 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.

23 Transition to IFRS

As stated in the 'basis of preparation' note, these are the Group's first financial statements prepared in accordance with IFRS. The accounting policies set out in the policies note have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening IFRS statement of financial position at 1 January 2014 (the Group's date of transition). In preparing the IFRS financial statements, the Group has not been required to adjust any amounts reported previously in its financial statements prepared in accordance with its previous basis of accounting (UK GAAP).