Registration number: 07103802

Celtic Array Limited

Annual Report and Financial Statements
For the year ended 31 December 2016

Celtic Array Limited

Annual Report and Financial Statements for the year ended 31 December 2016

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Celtic Array Limited

Strategic report for the year ended 31 December 2016

The Directors present the Strategic report of Celtic Array Limited ("the Company") and its subsidiary (together "the Group") for the year ended 31 December 2016.

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).

During 2016 the Company undertook 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 2016 was £12,076,000 (2015: £12,098,000) and of the Group was £12,076,000 (2015: £12,098,000).

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 28 July 2017.

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 2016

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2016.

Directors

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

M B Larsen (resigned 1 March 2017)

R M McCord

S P Redfern (resigned 28 February 2017)

B J Sykes

The following directors were appointed after the year end:

M R Futyan (appointed 28 February 2017)

A Madsen (appointed 1 March 2017)

Results and dividends

The results of the Group are set out on page 7. The consolidated loss for the year ended 31 December 2016 is £22,000 (2015: loss of £54,000).

No dividends were paid during the year (2015: £nil) and the Directors do not recommend the payment of a final dividend (2015: £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 18.

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 (2015: £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.

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.

Celtic Array Limited

Directors' report for the year ended 31 December 2016 (continued)

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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 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.

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 28 July 2017.

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

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 parent company's affairs as at 31 December 2016 and of the Group's loss and the Group's and the parent 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 parent 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 consolidated and Company statements of financial position as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated and Company statements of cash flows for the year then ended;
- the consolidated and Company 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 parent 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Celtic Array Limited

Independent auditors' report to the members of Celtic Array 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

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.

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

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.

Celtic Array Limited

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

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. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

K Stent

Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
28 July 2017

Celtic Array Limited

Consolidated income statement for the year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Administrative expenses	5	(22)	(61)
Operating loss		(22)	(61)
Finance income	6	-	1
Loss on ordinary activities before income tax		(22)	(60)
Income tax	10	-	6
Loss for the year		(22)	(54)

The above results were derived from continuing operations.

The notes on pages 12 to 22 form an integral part of these financial statements.

Celtic Array Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	2016 £ 000	2015 £ 000
Loss for the year	(22)	(54)
Total comprehensive expense for the year	(22)	(54)

The notes on pages 12 to 22 form an integral part of these financial statements.

Celtic Array Limited

Consolidated and Company statements of financial position as at 31 December 2016

	Note	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Assets					
Non-current assets					
Investments in subsidiaries	11	-	-	-	-
Total non-current assets		-	-	-	-
Current assets					
Trade and other receivables	12	11,838	11,838	11,838	11,838
Cash and cash equivalents	13	249	272	249	272
Total current assets		12,087	12,110	12,087	12,110
Total assets		12,087	12,110	12,087	12,110
Equity and liabilities					
Current liabilities					
Trade and other payables	14	11	12	11	12
Total liabilities		11	12	11	12
Equity					
Share capital	15	58,969	58,969	58,969	58,969
Accumulated losses	16	(46,893)	(46,871)	(46,893)	(46,871)
Total equity		12,076	12,098	12,076	12,098
Total equity and liabilities		12,087	12,110	12,087	12,110

The financial statements on pages 7 to 22 were approved by the Board on 28 July 2017 and signed on behalf of the Board:

Richard Hurl

R M McCord
Director

Registered Number: 07103802

The notes on pages 12 to 22 form an integral part of these financial statements.

Celtic Array Limited

Consolidated and Company statements of changes in equity for the year ended 31 December 2016

Group and Company

	Share capital £ 000	Accumulated losses £ 000	Total equity £ 000
At 1 January 2016	58,969	(46,871)	12,098
Loss for the year	-	(22)	(22)
Total comprehensive expense for the year	-	(22)	(22)
At 31 December 2016	58,969	(46,893)	12,076

	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

The notes on pages 12 to 22 form an integral part of these financial statements.

Celtic Array Limited

Consolidated and Company statements of cash flows for the year ended 31 December 2016

	Note	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cash flows from operating activities					
Loss for the year		(22)	(54)	(22)	(54)
Adjustments for:					
Finance income	6	-	(1)	-	(1)
Income tax	10	-	(6)	-	(6)
Operating cash flows before movements in working capital		(22)	(61)	(22)	(61)
Working capital adjustments:					
Decrease in trade and other receivables		-	243	-	243
Decrease in trade and other payables		(1)	(250)	(1)	(250)
Cash used in operations		(23)	(68)	(23)	(68)
Income taxes and consortium relief received		-	226	-	226
Interest received		-	5	-	5
Net cash flow (used in) / generated from operating activities		(23)	163	(23)	163
Net (decrease)/increase in cash and cash equivalents		(23)	163	(23)	163
Cash and cash equivalents at 1 January		272	109	272	109
Cash and cash equivalents at 31 December		249	272	249	272

The notes on pages 12 to 22 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2016

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

These financial statements were authorised for issue by the Board on 28 July 2017.

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 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.

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 2016 has had a material effect on the financial statements.

2 **Accounting policies (continued)**

New standards, amendments and interpretations not yet adopted
None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2016, 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.

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.

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.

2 Accounting policies (continued)

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.

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.

Recoverability of amounts owed by related party undertakings
The recoverability of the amounts owed by related party undertakings are assessed at each reporting date in accordance with the accounting policy for financial assets as described in note 2. The Company makes judgements in considering whether the carrying amounts of these assets are recoverable.

4 Losses of parent company

A loss of £22,000 (2015: loss of £54,000) is dealt with in the financial statements of Celtic Array Limited. The loss on ordinary activities before taxation was £22,000 (2015: loss of £60,000).

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 Administrative expenses

	2016 £ 000	2015 £ 000
Other operating expenses	(22)	(61)

6 Finance income

	2016 £ 000	2015 £ 000
Interest receivable from parent undertakings	-	1

7 Employee information

The Group and the Company had no employees and no staff costs (2015: £nil).

8 Directors' remuneration

The aggregate emoluments paid to Directors in respect of their qualifying services is £nil (2015: £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.

9 Auditors' remuneration

Auditors' remuneration was £8,000 (2015: £10,000) and relates to fees for the audit of the statutory financial statements of the Company and the consolidated financial statements.

10 Income tax

Tax (credited) / charged in the income statement:

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax - Consortium relief	-	(115)
UK corporation tax adjustment to prior periods - Consortium relief	-	109
Total current tax	-	(6)
Deferred taxation		
Arising from origination and reversal of temporary difference	-	103
Adjustment in respect of previous periods	-	(101)
Effect of changes in tax rates	-	(2)
Total deferred tax	-	-
Income tax	-	(6)

The Company has previously surrendered tax losses to members of the groups to which its parent undertakings belong. The Company surrendered the benefit of £562,000 of 2015 tax losses for a consideration of £115,000, the benefit of which was recognised in the prior year (2015: £54,546,000 of 2014 tax losses were surrendered for a consideration of £11,723,000).

The tax assessed for the financial year differs (2015: differs) from that calculated at the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below:

	2016 £ 000	2015 £ 000
Loss on ordinary activities before income tax	(22)	(60)
Loss multiplied by the standard rate of tax in the UK	(4)	(12)
Amounts not recognised	4	-
Decrease in tax from adjustment for prior periods	-	8
Deferred tax credit relating to changes in tax rates or laws	-	(2)
Total tax credit	-	(6)

The main rate of corporation tax for the year to 31 December 2016 was 20%. The corporation tax rate will reduce to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020 following the enactment of Finance (No. 2) Act 2015 and Finance Act 2016 respectively. These enacted rates have been reflected in these financial statements when providing for deferred tax.

11 Investments in subsidiaries

	Investment in subsidiary
Company	**£**
Cost and Net book value	
At 31 December 2016	1
At 31 December 2015	1

The investment in subsidiary 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.

The registered office of Rhiannon Wind Farm Limited is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

12 Trade and other receivables

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Financial assets:				
Amounts owed by related party undertakings	11,838	11,838	11,838	11,838
Total trade and other receivables	11,838	11,838	11,838	11,838

Amounts owed by related party undertakings relate to consideration for the surrender of tax losses. These receivables are repayable on demand, non-interest bearing and are unsecured.

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 17 "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 18 "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.

13 Cash and cash equivalents

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cash at bank	249	272	249	272

The Group's exposure to credit risk relating to cash and cash equivalents is disclosed in note 18 "Financial risk management and impairment of financial assets".

14 Trade and other payables

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Accrued expenses	11	12	11	12

The fair value of the trade and other payables classified as financial instruments are disclosed in note 17 "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 18 "Financial risk management and impairment of financial assets".

15 Share capital

Group and Company - Allotted and fully paid shares

	31 December 2016		31 December 2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	58,969	58,969	58,969	58,969

16 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.

17 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.

Celtic Array Limited

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

18 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 mean 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

	2016 £ 000	2015 £ 000
Rating AAA to BBB-	11,838	11,838

Cash and cash equivalents credit risk exposure

	2016 £ 000	2015 £ 000
Rating AAA to BBB-	249	272

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 2016 (2015: £nil) and no allowances have been made for impairment by credit losses (2015: £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.

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

Maturity analysis

31 December 2016	Within 1 year £ 000	Total £ 000
Trade and other payables	(11)	(11)

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

Capital risk management

Capital components

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

	2016 £ 000	2015 £ 000
Total capital		
Share capital (note 15)	(58,969)	(58,969)
Accumulated losses	46,893	46,871
Cash and cash equivalents (note 13)	249	272
	(11,827)	(11,826)

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 and takes actions, as required, to ensure the recovery of value from its assets.

19 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 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.

19 Related party transactions (continued)

Consortium relief provided to parent entities
The Company has surrendered the benefit of £281,000 of 2015 tax losses to DONG Energy Burbo (UK) Limited for a consideration of £57,500 (2015: £14,315,000 of 2014 tax losses to DONG Energy Burbo (UK) Limited for a consideration of £3,076,500; and £12,958,000 of 2014 tax losses to DONG Energy Power (UK) Limited for a consideration of £2,785,000).

The Company has surrendered the benefit of £281,000 of 2015 tax losses to British Gas Trading Limited for a consideration of £57,500 (2015: £27,273,000 of 2014 tax losses for a consideration of £5,861,500).

In the prior year 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 2015 year from DONG Energy Burbo (UK) Limited was £500 and from Centrica (Lincs) Wind Farm Limited was £500.

Amounts receivable from related parties at year-end
The amounts receivable at year-end were: DONG Energy Power (UK) Limited £2,785,000 (2015: £2,785,000); DONG Energy Burbo (UK) Limited £3,134,000 (2015: £3,076,500); and British Gas Trading Limited £5,919,000 (2015: £5,861,500).

In the prior year there were also amounts receivable in respect of the expected surrender of 2015 tax losses comprising DONG Energy A/S group £57,500 and Centrica plc group £57,500.

Expenditure with and payables to related parties

2016	**Centrica Renewable Energy Limited £ 000**
Management and support services	(12)
Purchase transactions for the year	(12)
Amounts payable to related party at year-end	-

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	-

20 **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.