Registration number: 07097280

Centrica (Lincs) Wind Farm Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

Centrica (Lincs) Wind Farm Limited

Contents

Centrica (Lincs) Wind Farm Limited

Strategic report for the year ended 31 December 2015

The Directors present the Strategic report of Centrica (Lincs) Wind Farm Limited ('the Company') for the year ended 31 December 2015.

Review of the business
The principal activity of the Company is that of a holding company which holds a 50% interest in the ordinary share capital of Lincs Wind Farm Limited. Lincs Wind Farm Limited is a joint venture between the Company (50%) (the ultimate parent undertaking of which is Centrica plc) and Lincs Renewable Energy Holdings Limited (50%) (the ultimate parent undertakings of which are DONG Energy A/S and Siemens AG respectively).

During the year the Company recorded finance income from its loan to the joint venture and continued to receive cash payments from the joint venture in respect of interest accrued in previous years.

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101'). The Company's transition date to FRS 101 was 1 January 2014 and comparatives have been evaluated under the new standard.

For details of the transition to FRS 101, and the outcome of this change on the Company's financial position, see notes 2 and 18.

Principal risks and uncertainties
The Company's principal risks are being able to recover the carrying value of its investment and loan with Lincs Wind Farm Limited. In turn this risk is imparted by the availability of the wind farm and the sale of the related output by Lincs Wind Farm Limited. The availability is driven by the technical performance of the wind turbines and ancillary equipment, and the physical access to the wind farm. These risks determine Lincs Wind Farm Limited's ability to generate positive cash flows to meet loan repayments and to pay dividends when appropriate.

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 38-42 of the Annual Report and Accounts 2015 of the Group which does not form part of this report.

In June, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates, interest rates and commodity prices. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's consolidated Financial Statements for the year ended 31 December 2015.

Overall, management assesses the direct impacts on the Company to be minimal in the short term. The Company's focus is now on understanding what the result means for energy and other material business regulations over time and how this would impact the competitiveness of the European energy markets. The UK is a major energy importer and what happens in the European energy market will ultimately impact energy consumers in the UK. The Company does not export products or services to EU countries nor does it have material exposure to currency risks.

Key performance indicators
The Directors of the Centrica plc 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 20-21 of the Annual Report and Accounts 2015 of the Group which does not form part of this report.

Future developments

During the year the Group announced that it intends to exit its interests in wind farm assets by the end of 2017 and so during 2016 the Company is developing plans to dispose of its investment in the Lincs Wind Farm Limited joint venture.

At the end of the year the Company maintained its position as an investor in the Lincs Wind Farm Limited joint venture. Further, at the reporting date the Company did not consider that its joint venture investment met the definition of held for sale included in International Financial Reporting Standard 5 'Non-current Assets Held for Sale and Discontinued Operations'.

This Strategic report was approved by the Board on 15 September 2016.

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No. 07097280

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica (Lincs) Wind Farm Limited

Directors' report for the year ended 31 December 2015

The Directors present their report and the audited financial statements of Centrica (Lincs) Wind Farm Limited for the year ended 31 December 2015.

Directors

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

R W Marsden

R M McCord

S P Redfern

Results and dividends

The results of the Company are set out on page 7. The profit for the financial year ended 31 December 2015 is £10,395,000 (2014: profit £11,911,000). No dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Financial position

The financial position of the Company is presented in the statement of financial position on page 9. Shareholders' funds at 31 December 2015 were £65,301,000 (2014: £54,906,000).

Financial risk management

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

- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits.
- Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly.
- Liquidity risk is managed through funding arrangements with Centrica plc group companies.
- At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment.

The Company did not take part in hedging of any kind during the year (2014: £nil).

Future developments

Future developments of the Company are commented on in the Strategic report on page 2.

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.

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 (Lincs) Wind Farm Limited

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

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 the 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 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
In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The Directors' report was approved by the Board on 15 September 2016.

Belinda Rose

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No. 07097280

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica (Lincs) Wind Farm Limited

Independent auditors' report to the members of Centrica (Lincs) Wind Farm Limited

Report on the financial statements

Our opinion
In our opinion, Centrica (Lincs) Wind Farm Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

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

- the Statement of Financial Position as at 31 December 2015;
- the Income statement and Statement of Comprehensive Income for the year then ended;
- the Statement 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 United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its 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.

Other matter 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.

Independent auditors' report to the members of Centrica (Lincs) Wind Farm 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 Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

.... 2016

Centrica (Lincs) Wind Farm Limited

Income statement for the year ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative expenses	4	(7)	(8)
Operating loss		(7)	(8)
Finance income	8	14,329	14,192
Finance costs	9	(287)	(29)
Net finance income		14,042	14,163
Profit on ordinary activities before income tax		14,035	14,155
Income tax expense on ordinary activities	10	(3,640)	(2,244)
Profit for the financial year		10,395	11,911

The above results were derived from continuing operations.

Centrica (Lincs) Wind Farm Limited

Statement of comprehensive income for the year ended 31 December 2015

	2015 £ 000	2014 £ 000
Profit for the financial year	10,395	11,911
Total comprehensive income for the year	10,395	11,911

The notes on pages 11 to 19 form an integral part of these financial statements.

Centrica (Lincs) Wind Farm Limited

Statement of financial position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Non-current assets			
Investments	11	288,532	286,704
Total assets		288,532	286,704
Current liabilities			
Trade and other payables	12	(164,642)	(175,580)
Borrowings	13	(58,589)	(56,218)
Total liabilities		(223,231)	(231,798)
Net assets		65,301	54,906
Equity			
Ordinary shares	14	1,000	1,000
Share premium		997	997
Retained earnings		63,304	52,909
Total equity		65,301	54,906

The financial statements on pages 7 to 19 were approved and authorised for issue by the Board of Directors on 15 September 2016 and signed on its behalf by:

R M McCord
Director

Registered number: 07097280

Centrica (Lincs) Wind Farm Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2015	1,000	997	52,909	54,906
Profit for the financial year	-	-	10,395	10,395
Total comprehensive income for the year	-	-	10,395	10,395
At 31 December 2015	1,000	997	63,304	65,301

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2014	1,000	997	40,998	42,995
Profit for the financial year	-	-	11,911	11,911
Total comprehensive income for the year	-	-	11,911	11,911
At 31 December 2014	1,000	997	52,909	54,906

The notes on pages 11 to 19 form an integral part of these financial statements.

Centrica (Lincs) Wind Farm Limited

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

1 General information

Centrica (Lincs) Wind Farm Limited (the 'Company') is a company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office and principle place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

2 Accounting policies

Basis of preparation
The Company financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 18.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemption has been taken in these financial statements:
• Investments in joint ventures - on transition to FRS 101, investments in joint ventures are measured at deemed cost, being the previous GAAP carrying value of the investment.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of providing the following disclosures:
• a cash flow statement and related notes;
• disclosures in respect of related party transactions with fellow wholly-owned subsidiaries;
• disclosures in respect of capital management;
• disclosures in respect of financial instruments; and
• the effects of new but not yet effective IFRSs.

Note that the Company has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:
• Presentation of IAS format financial statements; and
• Exemption from the presentation of a third statement of financial position (being the opening statement of financial position of the Company at the date of application of FRS 101, meaning in this instance 1 January 2014).

These financial statements are presented in pound sterling, which is also the functional currency of the Company, with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements are prepared on the historical cost basis.

2 Accounting policies (continued)

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.

Exemption from preparing group financial statements
The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly-owned subsidiary of Centrica plc. These financial statements present information about the Company as an individual undertaking and not about its group, and have been prepared on a going concern basis, as described in the Directors' report.

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.

Financial assets and liabilities
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

The carrying amounts of the Company'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.

Interest in joint arrangements and associates
Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Investments consist of an equity interest in, and loans to, the joint venture. The Company's joint venture is accounted for at cost in accordance with IAS 27, less any provision for impairment as necessary.

Loans receivable from the joint venture are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the loan. They are subsequently carried at amortised cost using the effective interest rate method less any allowance for estimated impairments. A provision is established for impairments where there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the loan, with the cost recognised in the income statement.

Interest income on the loan to the joint venture is recognised on the basis of the effective interest rate method and is included as finance income within the income statement.

2 Accounting policies (continued)

Finance income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Impairment of non-financial assets
The carrying amounts of the Company's non-financial 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGU').

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. An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply. In respect of other assets, 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.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest rate method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Loans and other borrowings
All interest-bearing or interest-free loans and other borrowings with banks or similar institutions, Group companies and joint ventures are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of Group funding). After initial recognition, these financial instruments are measured at amortised cost using the effective interest rate method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the income statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

2 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 reporting date. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. 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 when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. 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, within the same jurisdiction, 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 reporting date. 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company reviews the carrying amount of its investment in the joint venture, as well as the related receivables, for indicators of impairment and tests for impairment where such an indicator arises.

4 Administrative expenses

	2015 £ 000	2014 £ 000
Other operating costs - Auditors' remuneration	7	8
Total operating costs by nature	7	8

5 Directors' remuneration

The emoluments of all of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements (2014: £nil).

6 Employees information

The Company has no employees and no staff costs (2014: £nil). Any costs relating to employees are borne by other Centrica group companies.

7 Auditors' remuneration

Auditors' remuneration was £7,000 (2014: £7,000) related to fees for the audit of the statutory financial statements of Centrica (Lincs) Wind Farm Limited and £nil (2014: £1,000) in respect of non-audit fees.

8 Finance income

	2015 £ 000	2014 £ 000
Interest receivable from joint venture	14,329	14,192

9 Finance cost

	2015 £ 000	2014 £ 000
Interest payable to joint venture	(287)	(28)
Other finance costs	-	(1)
Total finance cost	(287)	(29)

10 Income tax

Tax expense included in the income statement:

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax on profits for the year	2,842	2,244
UK corporation tax adjustment to prior periods	798	-
Total current tax	3,640	2,244
Deferred taxation		
Total deferred tax	-	-
Tax on profit on ordinary activities	3,640	2,244

10 Income tax (continued)

Tax expense for the year differs (2014: differs) from the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £ 000	2014 £ 000
Profit before tax	14,035	14,155
Tax expense at the standard UK corporation tax rate of 20.25% (2014: 21.49%)	2,842	3,042
Effects of:		
Increase in current tax from adjustment for prior periods	798	-
Decrease from transfer pricing adjustments	(919)	(798)
Increase arising from group relief tax reconciliation	919	-
Total income tax expense	3,640	2,244

The main rate of corporation tax was reduced to 20% from 1 April 2015. Further reductions were enacted by Finance (No.2) Act 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These enacted reduced rates of corporation tax have been reflected within these financial statements. The Chancellor of the Exchequer has announced a further reduction in the rate, to 17% from 1 April 2020, which is expected to be substantively enacted as part of the Summer Finance Bill 2016 and is therefore not reflected in these financial statements. As such, the previously enacted rate of 18% from 1 April 2020 will not come into effect. The impact of the reduction in the corporation tax rate to 17% on the financial statements is not expected to be significant.

11 Investments

	Investment in joint venture £ 000	Loan to joint venture £ 000	Total £ 000
Cost			
At 1 January 2014	123,905	155,107	279,012
Additions	2,500	14,192	16,692
Repayment	-	(9,000)	(9,000)
At 31 December 2014	126,405	160,299	286,704
At 1 January 2015	126,405	160,299	286,704
Additions	-	14,329	14,329
Repayment	-	(12,501)	(12,501)
At 31 December 2015	126,405	162,127	288,532

The investment in the joint venture represents a 50% interest in the ordinary share capital of Lincs Wind Farm Limited, a company registered in Scotland which operates an offshore wind farm in England. The remaining shares in Lincs Wind Farm Limited are controlled by Lincs Renewable Energy Holdings Limited, a company registered in England and Wales. Lincs Renewable Energy Holdings Limited is a joint venture between DONG Energy Lincs (UK) Limited (50%), a company registered in England and Wales, and Siemens Project Ventures GmbH (50%), a company registered in Germany (the ultimate parent undertakings of which are DONG Energy A/S and Siemens AG respectively).

11 Investments (continued)

During the year Centrica plc group announced that it intends to exit its interests in wind farm assets. There have been no events after the reporting date that indicate any impairment to the carrying value of the investment and so the Directors believe that the carrying value of the investment continues to be supported by the value of future discounted cash flows.

Further, at the reporting date the Company did not consider that its joint venture investment met the definition of held for sale, included in International Financial Reporting Standard 5 'Non-current Assets Held for Sale and Discontinued Operations', on the basis that such a sale was not considered highly probable within 12 months.

At 31 December 2015 the principal amounts of the loans from the Company to Lincs Wind Farm Limited totalled £112,500,000 (2014: £112,500,000). The loans bear interest of 9% per annum, compounding half-yearly, are unsecured and are repayable in full on 31 December 2030 or before as agreed between the joint venture partners.

During the year interest income of £14,329,000 (2014: £14,192,000) was recorded on the outstanding balance and interest of £12,501,000 (2014: £9,000,000) was repaid by Lincs Wind Farm Limited. The cumulative interest outstanding at 31 December 2015 was £49,627,000 (2014: £47,799,000).

As part of the external financing arrangement entered into by Lincs Wind Farm Limited, the Company, together with Lincs Renewable Energy Holdings Limited, has agreed to provide security as follows:

- an assignment of rights under all Shareholder Loans;
- the pledge of shares in Lincs Wind Farm Limited in favour of Lloyds Bank plc as security trustee for the consortium of lenders; and
- a floating charge over shares held in Lincs Wind Farm Limited in favour of Lloyds Bank plc as security trustee for the consortium of lenders.

Lincs Wind Farm Limited made a loss after taxation of £(10,880,000) in the year ended 31 December 2015 (2014: loss of £(37,868,000), restated as Lincs Wind Farm Limited has transitioned to IFRS). The total equity of Lincs Wind Farm Limited at 31 December 2015 was £149,459,000 (2014: £157,143,000, restated as Lincs Wind Farm Limited has transitioned to IFRS).

12 Trade and other payables

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	(164,635)	(175,536)
Accrued expenses	(7)	(8)
Interest payable to joint venture	-	(5)
Other payables	-	(31)
	(164,642)	(175,580)

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Borrowings

	2015 £ 000	2014 £ 000
Current borrowings		
Loans from joint venture	(58,589)	(56,218)

The loans from the joint venture mature within one month, but are repayable on demand and may be redeemed by the Company at any time. Interest is charged on these loans at LIBOR.

14 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

15 Related party transactions

At 31 December 2015 the loans from the Company to Lincs Wind Farm Limited totalled £112,500,000 (2014: £112,500,000). The loans are unsecured, bear interest of 9% per annum and are repayable in full on 31 December 2030 or before as agreed between the joint venture partners. During the year interest of £14,329,000 (2014: £14,192,000) was charged on these loans and interest of £12,501,000 (2014: £9,000,000) was repaid. The cumulative interest outstanding at 31 December 2015 was £49,627,000 (2014: £47,799,000).

During the year Lincs Wind Farm Limited provided further loans to the Company and at 31 December 2015 the loans totalled £58,589,000 (2014: £56,218,000). The loans from the joint venture mature within one month, but are repayable on demand and may be redeemed by the Company at any time. Interest is charged on these loans at LIBOR. During the year interest of £287,000 (2014: £28,000) was incurred on these loans. The cumulative interest outstanding at 31 December 2015 was £nil (2014: £5,000).

In 2014 a joint venture of Centrica plc group, Celtic Array Limited, surrendered the benefit of £120,500 of 2012 tax losses to the Company for a consideration of £30,000. No further losses were surrendered in 2015. Interest was payable on the consideration for the 2012 tax losses at a floating rate consisting of LIBOR plus a margin, compounded monthly, from the due date until the date of payment. The total interest payable during the year to Celtic Array Limited was £nil (2014: £1,000). The balance outstanding at 31 December 2015 was £nil (2014: £31,000).

16 Parent and 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.

17 Events after the financial period

During the year the Group announced that it intends to exit its interests in wind farm assets by the end of 2017 and so during 2016 the Company is developing plans to dispose of its investment in the Lincs Wind Farm Limited joint venture.

In June, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates, interest rates and commodity prices. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's consolidated Financial Statements for the year ended 31 December 2015.

Overall, management assesses the direct impacts on the Company to be minimal in the short term. The Company's focus is now on understanding what the result means for energy and other material business regulations over time and how this would impact the competitiveness of the European energy markets. The UK is a major energy importer and what happens in the European energy market will ultimately impact energy consumers in the UK. The Company does not export products or services to EU countries nor does it have material exposure to currency risks.

18 Transition to FRS 101

As stated in the 'basis of preparation' note, these are the Company's first financial statements prepared in accordance with FRS 101. 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 FRS 101 statement of financial position at 1 January 2014 (the 'Company's date of transition').

In preparing the FRS 101 financial statements, the Company 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).