

EAST ANGLIA THREE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2017

Registered No. 08141208

FRIDAY



A08 *A7BL2GZV* #98
03/08/2018
COMPANIES HOUSE

EAST ANGLIA THREE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2017

CONTENTS

DIRECTORS' REPORT	1
INDEPENDENT AUDITOR'S REPORT	4
BALANCE SHEETS	6
INCOME STATEMENTS AND STATEMENTS OF COMPREHENSIVE INCOME	7
STATEMENTS OF CHANGES IN EQUITY	7
CASH FLOW STATEMENTS	8
NOTES TO THE ACCOUNTS	9

EAST ANGLIA THREE LIMITED DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2017 in accordance with the special provisions relating to small sized companies under section 415A of the Companies Act 2006. The directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

ACTIVITIES AND REVIEW

The principal activity of East Anglia Three Limited ("the company"), registered company number 08141208, is the development of the East Anglia Three offshore wind farm. This activity will continue for the foreseeable future.

The ultimate parent of the company is Iberdrola, S.A. ("Iberdrola") which is listed on the Madrid stock exchange. The immediate parent of the company is ScottishPower Renewables (UK) Limited ("SPRUKL"). Scottish Power Limited ("SPL") is the holding company of the Scottish Power Limited group ("ScottishPower"), of which the company is a member.

In August 2017, the company received consent from the Secretary of State for The Department for Business, Energy and Industrial Strategy for the 1.2 gigawatts ("GW") East Anglia Three offshore wind project. East Anglia Three is likely to be eligible to participate in the next Contracts for Difference ("CfD") allocation round which UK Government has suggested will take place in Spring 2019.

KEY FACTORS AFFECTING THE BUSINESS

The company's objectives to manage the key drivers impacting the financial performance of the company during the year were as follows:

- to deliver offshore investment programmes efficiently; and
- to develop efficient operations and reduce costs.

MANAGEMENT OF RISKS

The business identifies and assesses the key business risks associated with the achievement of its strategic objectives. Any key actions needed to enhance the control environment are identified, along with the person responsible for the management of the specific risk. Details of the risk management practices of ScottishPower, under which the company operates, are provided in Note 4 of the most recent Annual Report and Accounts of SPL.

OPERATIONAL FINANCIAL PERFORMANCE

Capital investment on wind power plant development in 2017 was £4,840,000 (2016 £16,539,000). Overall, the directors are satisfied with the level of business and the year-end financial position.

RESULTS AND DIVIDEND

The net profit for the year was £35,000 (2016 net loss of £7,000). No dividend was paid during the year (2016 £nil).

LIQUIDITY AND CASH MANAGEMENT

Cash and net debt

Net cash flows from operating activities decreased by £1,000 to £18,000 (refer to Cash Flow Statement on page 8). Net debt increased by £3,887,000 to £19,891,000 comprising an increase in group loans payable.

Capital and debt structure

The company is principally funded by debt. All equity is held by the company's immediate parent company, SPRUKL. Treasury services are provided by SPL. ScottishPower has a risk policy within treasury and financing which is designed to ensure that the company's exposure to variability of cash flows and asset values due to fluctuations in market interest rates and exchange rates are minimised and managed at acceptable risk levels. Further details of the treasury and interest policy for ScottishPower and how it manages them is included in Note 4 to the most recent Annual Report and Accounts of SPL.

HEALTH AND SAFETY

The company has a clear strategy to continue to improve health and safety performance using ScottishPower health and safety standards. A more extensive description of how ScottishPower, and therefore the company, addresses health and safety requirements can be found in the most recent Annual Report and Accounts of SPL.

ENVIRONMENTAL MANAGEMENT AND REGULATION

Throughout its operations, the company strives to meet, or exceed, relevant legislative and regulatory environmental requirements and codes of practice. A more extensive description of how the company addresses environmental requirements using ScottishPower's policies and practices can be found in the most recent Annual Report and Accounts of SPL.

EAST ANGLIA THREE LIMITED

DIRECTORS' REPORT *continued*

MODERN SLAVERY STATEMENT

ScottishPower is committed to human and labour rights and to eliminating modern slavery that could in anyway be connected to its business. ScottishPower welcomed the introduction of the Modern Slavery Act 2015 and published its own Modern Slavery Statement which was approved by the Board of Directors of Scottish Power Limited.

ScottishPower's Modern Slavery Statement is published on the ScottishPower website at:
www.scottishpower.com/pages/scottishpowers_modern_slavery_statement.aspx.

DIRECTORS

The directors who held office during the year were as follows:

Keith Anderson
Jonathan Cole
Roy Scott

Keith Anderson resigned as a director on 2 May 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND ACCOUNTS

The directors are responsible for preparing the Directors' Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the European Union ("EU")) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable; state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the *going concern basis of accounting* unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such *internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error*, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each of the directors in office as at the date of this Directors' Report and Accounts confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

EAST ANGLIA THREE LIMITED
DIRECTORS' REPORT *continued*

AUDITOR

KPMG LLP was appointed as the auditor of the company for the year ended 31 December 2017 in place of the retiring auditor, Ernst & Young LLP.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'R Scott', enclosed within a circular scribble.

Roy Scott
Director

29th June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EAST ANGLIA THREE LIMITED

Opinion

We have audited the financial statements of East Anglia Three Limited ("the company") for the year ended 31 December 2017 which comprise the Balance Sheet, Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the Financial Reporting Council ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' Report

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EAST ANGLIA THREE LIMITED *continued*

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, as a body, for our audit work, for this report, or for the opinions we have formed.



**Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

319 St. Vincent Street

Glasgow

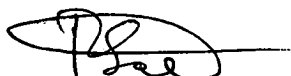
G2 5AS

3 July 2018

EAST ANGLIA THREE LIMITED
BALANCE SHEETS
as at 31 December 2017 and 31 December 2016

	Notes	2017 £000	2016 £000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		21,379	16,539
Property, plant and equipment in the course of construction	3	21,379	16,539
NON-CURRENT ASSETS		21,379	16,539
CURRENT ASSETS			
Trade and other receivables	4	66	57
Current tax asset		43	-
CURRENT ASSETS		109	57
TOTAL ASSETS		21,488	16,596
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		28	(7)
Share capital	5, 6	-	-
Retained earnings/(losses)	6	28	(7)
TOTAL EQUITY		28	(7)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	39	-
NON-CURRENT LIABILITIES		39	-
CURRENT LIABILITIES			
Bank borrowings and other financial liabilities		19,891	16,004
Loans and other borrowings	9	19,891	16,004
Trade and other payables	10	1,530	599
CURRENT LIABILITIES		21,421	16,603
TOTAL LIABILITIES		21,460	16,603
TOTAL EQUITY AND LIABILITIES		21,488	16,596

Approved by the Board on 28th JUNE 2018 and signed on its behalf by:



Roy Scott
Director

The accompanying Notes 1 to 16 are an integral part of the balance sheets as at 31 December 2017 and 31 December 2016.

EAST ANGLIA THREE LIMITED
INCOME STATEMENTS AND STATEMENTS OF COMPREHENSIVE INCOME
for the years ended 31 December 2017 and 31 December 2016

	Note	2017 £000	2016 £000
NET OPERATING EXPENSES		(7)	(7)
External services		(7)	(7)
LOSS BEFORE TAX		(7)	(7)
Income tax	13	42	-
NET PROFIT/(LOSS) FOR THE YEAR		35	(7)

Net profit for the current year and net loss for the prior year are wholly attributable to the equity holder of East Anglia Three Limited.

Net profit for the current year and net loss for the prior comprises total comprehensive income/(loss).

All results relate to continuing operations.

STATEMENTS OF CHANGES IN EQUITY
for the years ended 31 December 2017 and 31 December 2016

	Share capital £000	Retained (losses)/ earnings £000	Total £000
At 1 January 2016	-	-	-
Total comprehensive income for the year	-	(7)	(7)
At 1 January 2017	-	(7)	(7)
Total comprehensive loss for the year	-	35	35
At 31 December 2017	-	28	28

The accompanying Notes 1 to 16 are an integral part of the income statements and statements of comprehensive income and the statements of changes in equity for the years ended 31 December 2017 and 31 December 2016

EAST ANGLIA THREE LIMITED**CASH FLOW STATEMENTS****for the years ended 31 December 2017 and 31 December 2016**

	2017	2016
	£000	Restated*
	£000	£000
Cash flows from operating activities		
Loss before tax	(7)	(7)
Changes in working capital:		
Change in trade and other receivables	(9)	(57)
Change in trade and other payables	(4)	83
Income taxes received	38	-
Net cash flows from operating activities (i)	18	19
Cash flows from investing activities		
Investments in property, plant and equipment	(3,715)	(16,023)
Net cash flows from investing activities (ii)	(3,715)	(16,023)
Cash flows from financing activities		
Increase in amounts due to Iberdrola group companies	3,887	16,004
Interest paid	(190)	-
Net cash flows from financing activities (iii)	3,697	16,004
Net decrease in cash and cash equivalents (i)+(ii)+(iii)	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

*Comparative figures have been restated (refer to Note 1).

The accompanying Notes 1 to 16 are an integral part of the cash flow statements for the years ended 31 December 2017 and 31 December 2016.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS
31 December 2017

1 BASIS OF PREPARATION

A COMPANY INFORMATION

East Anglia Three Limited, registered company number 08141208, is a private company limited by shares, incorporated in England and Wales and its registered office is 3rd Floor, 1 Tudor Street, London, EC4Y 0AH, England.

B BASIS OF PREPARATION OF THE ACCOUNTS

The company is required by law to prepare Accounts and to deliver them to the Registrar of Companies. The Accounts have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), as adopted by the EU as at the date of approval of these Accounts and which are mandatory for the financial year ended 31 December 2017. The Accounts are prepared in accordance with the Accounting Policies set out in Note 2.

B1. CHANGE IN PRESENTATION

B1.1 CASH FLOW PRESENTATION

The company's primary source of short-term funding for cash management purposes is from intercompany loans drawn down from the ultimate parent company or other group undertakings. Under the terms of the arrangement, these short-term loans are repayable on demand. On the balance sheet, these funds are recorded within current loans and borrowings. In prior years, the company reported these funds within cash and cash equivalents for the purposes of the cash flow statement. During the year, the directors have reviewed the treatment of these funds and concluded they should be recorded within financing cash flows for the purposes of the cash flow statement. The 2017 cash flow statement has, therefore, been adjusted. The effect is to increase the net-cash flows from financing activities by £16,004,000 and increase the cash and cash equivalents reported for the purpose of the cash flow statement by £16,004,000.

This restatement had no impact on net assets, equity, the Income Statements and Statements of Comprehensive Income or the Balance Sheets.

C ACCOUNTING STANDARDS

In preparing these Accounts, the company has applied all relevant IAS, IFRS and IFRIC Interpretations that have been adopted by the EU as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2017.

For the year ended 31 December 2017, the company has applied the following amendments for the first time:

Standard	Notes
• Amendments to IAS 12 'Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses'	(a)
• Amendments to IAS 7 'Statement of Cash Flows: Disclosure Initiative'	(a)
• Annual improvements to IFRS Standards 2014-2016 Cycle	(a), (b)

(a) The application of these pronouncements has not had a material impact on the company's accounting policies, financial position or performance.

(b) This pronouncement includes amendments to three standards. The amendments to IFRS 12 'Disclosure of Interests in Other Entities' have been applied by the company effective 1 January 2017. Refer to footnote (d) below for details of other amendments in the pronouncement.

The following new standards and amendments to standards have been issued by the International Accounting Standards Board ("IASB") but have an effective date after the date of these financial statements or have not been endorsed by the EU thus have not been implemented by the company:

Standard	Notes	IASB effective date (for periods commencing on or after)	Planned date of application by the company
• Annual Improvements to IFRS Standards 2014 –2016 Cycle	(c), (d)	1 January 2018	1 January 2018
• IFRS 9 'Financial Instruments'	(e)	1 January 2018	1 January 2018
• IFRS 15 'Revenue from Contracts with Customers' (including 'Amendments to IFRS 15: Effective date of IFRS 15' and 'Clarifications to IFRS 15 Revenue from Contracts with Customers')	(c)	1 January 2018	1 January 2018
• Amendments to IAS 40 'Investment Property: Transfers of Investment Property'	(c)	1 January 2018	1 January 2018

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

1 BASIS OF PREPARATION *continued*

C ACCOUNTING STANDARDS *continued*

Standard <i>continued</i>	Notes	IASB effective date (for periods commencing)	Planned date of application by the company
• Amendments to IFRS 2 'Share-based Payments: Clarification and Measurement of Share-based Payment Transactions'	(c)	1 January 2018	1 January 2018
• Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts'	(c)	1 January 2018	1 January 2018
• IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	(c)	1 January 2018	1 January 2018
• IFRS 16 'Leases'	(c)	1 January 2019	1 January 2019
• IFRIC 23 'Uncertainty over Income Tax Treatments'	(c), (f)	1 January 2019	1 January 2019
• Amendments to IFRS 9 'Financial Instruments: Prepayment Features with Negative Compensation'	(c)	1 January 2019	1 January 2019
• Amendments to IAS 28 'Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures'	(c), (f)	1 January 2019	1 January 2019
• Annual Improvements to IFRS Standards 2015-2017 Cycle	(c), (f)	1 January 2019	1 January 2019
• Amendments to IAS 19 'Employee Benefits: Plan Amendment, Curtailment or Settlement'	(c), (f)	1 January 2019	1 January 2019
• Amendments to References to the Conceptual Framework in IFRS Standards	(c), (f)	1 January 2020	1 January 2020
• IFRS 17 'Insurance Contracts'	(c), (f)	1 January 2021	1 January 2021
• IFRS 14 'Regulatory Deferral Accounts'	(c), (f), (g)	1 January 2016	To be decided
• Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	(c), (f), (h)	Deferred indefinitely	To be decided

- (c) The future application of this pronouncement is not expected to have a material impact on the company's accounting policies, financial position or performance.
- (d) This pronouncement includes amendments to three standards. The amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 28 'Investments in Associates and Joint Ventures' have an effective date of 1 January 2018. The amendments to IFRS 12 'Disclosure of Interests in Other Entities' have an effective date of 1 January 2017 (refer to footnote (b) above).
- (e) IFRS 9 'Financial Instruments' is effective for the company as from 1 January 2018. The company considers that the new classification and measurement criteria will not have a material impact on the company's equity as at 1 January 2018. In the current and previous years' accounts, the company has applied the criteria set out in Note 2C for those cases where there are no material changes to financial liabilities.
- (f) This pronouncement has not yet been endorsed by the EU.
- (g) The endorsement process of this interim standard has not been launched as the EU has decided to wait for the final standard to be issued.
- (h) The IASB set the effective date of this pronouncement as periods commencing on or after 1 January 2016. However, in December 2015, the IASB postponed the effective date indefinitely pending the outcome of its research project on the equity method of accounting. The EU endorsement process for this pronouncement has been postponed, awaiting a revised exposure draft from the IASB. The effective date will be amended in due course.

2 ACCOUNTING POLICIES

In preparing the Accounts in conformity with IFRS the company is required to make estimates and assumptions that impact on the reported amounts of revenues, expenses, assets and liabilities of the company. Actual results may differ from these estimates. However, no critical accounting judgements or key sources of estimation uncertainty have been identified in relation to these Accounts.

The principal accounting policies applied in preparing the company's Accounts are set out below:

A PROPERTY, PLANT AND EQUIPMENT

B IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

C FINANCIAL INSTRUMENTS

D TAXATION

A PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and is generally depreciated on a straight-line basis over the estimated operational lives of the assets. Property, plant and equipment includes capitalised interest and other directly attributable costs. Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

2 ACCOUNTING POLICIES *continued*

B IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date, the company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

C FINANCIAL INSTRUMENTS

- (a) Financial liabilities categorised as trade and other payables are recognised and carried at original invoice amount.
(b) All interest bearing loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

D TAXATION

The company's current tax is calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profits (temporary differences), and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged in the income statement, except where it relates to items charged or credited to equity (via the statement of comprehensive income), in which case the deferred tax is also dealt with in equity and is shown in the statement of comprehensive income.

3 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in property, plant and equipment

	Wind power plant in progress £000
Year ended 31 December 2016	
Cost:	
At 1 January 2016	-
Additions	16,539
At 31 December 2016	16,539
Net book value:	
At 31 December 2016	16,539
At 1 January 2016	-
	Wind power plant in progress £000
Year ended 31 December 2017	
Cost:	
At 1 January 2017	16,539
Additions	4,840
At 31 December 2017	21,379
Net book value:	
At 31 December 2017	21,379
At 1 January 2017	16,539

(i) Interest on the funding attributable to major capital projects was capitalised during the year at a rate of 1.5% (2016 1.4%).

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

3 PROPERTY, PLANT AND EQUIPMENT *continued*

(b) Capital commitments

	2017 £000	2016 £000
Contracted but not provided	2,229	910

4 TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Current receivables:		
Other tax receivables	66	57

5 SHARE CAPITAL

	2017 £	2016 £
Allotted and called up:		
One ordinary share of £1 (2016 One)	1	1

6 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF EAST ANGLIA THREE LIMITED

	Share capital £000	Retained (losses)/ earnings (Note (a)) £000	Total £000
At 1 January 2016	-	-	-
Loss for the year attributable to equity holder of East Anglia Three Limited	-	(7)	(7)
At 1 January 2017	-	(7)	(7)
Profit for the year attributable to equity holder of East Anglia Three Limited	-	35	35
At 31 December 2017	-	28	28

(a) Retained (losses)/earnings comprises the cumulative balance of profits and losses recognised in the accounts as adjusted for transactions with shareholders.

7 FINANCIAL INSTRUMENTS

		2017		2016	
	Note	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities					
Loans and other borrowings	(a)	(19,891)	(19,891)	(16,004)	(16,004)
Payables	(a)	(1,530)	(1,530)	(599)	(599)

The carrying amount of these financial instruments is calculated as set out in Note 2C. The carrying value of financial instruments is a reasonable approximation of fair value.

(a) The undiscounted contractual cash flows associated with financial liabilities are equivalent in value and are payable in less than one year.

(b) Balances outwith the scope of IFRS 7 'Financial Instruments: Disclosure' have been excluded, namely other tax receivables.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

8 DEFERRED TAX

Deferred tax recognised in the Accounts is as follows:

	Property, plant and equipment £000
At 1 January 2016 and 1 January 2017	-
Charge to the income statement	39
At 31 December 2017	39

Legislation has been enacted to reduce the rate of UK Corporation Tax to 17% on 1 April 2020. This reduces the tax rates expected to apply when temporary differences reverse and impacts the deferred tax charge.

9 LOANS AND OTHER BORROWINGS

(a) Analysis of loans and borrowings by instrument and maturity

Instrument	Interest rate*	Maturity	2017 £000	2016 £000
Loans with Iberdrola group companies	Base + 1%	On demand	19,891	16,004

* Base – Bank of England Base Rate

(b) Borrowing facilities

The company has no undrawn borrowing facilities at 31 December 2017 (2016 £nil).

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Loans and other borrowings (Current) £'000	Interest payable (Current) £'000	Total £'000
At 1 January 2017	16,004	190	16,194
Increase in amounts due to Iberdrola group companies	3,887	-	3,887
Interest paid	-	(190)	(190)
Total movements from financing cashflows	3,887	(190)	3,697
Other movements	-	225	225
Total liability-related other movements	-	225	225
At 31 December 2017	19,891	225	20,116

10 TRADE AND OTHER PAYABLES

	2017 £000	2016 £000
Current trade and other payables:		
Payables due to Iberdrola group companies - trade	79	75
Payables due to Iberdrola group companies - capital	17	-
Payables due to Iberdrola group companies - interest	225	190
Trade payables	-	8
Capital payables and accruals	1,209	326
	1,530	599

11 EMPLOYEE INFORMATION

The company has no employees (2016 none). Details of directors' remuneration are set out in Note 14.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

12 FINANCE COSTS

	2017	2016
	£000	£000
Interest on amounts due to Iberdrola group companies	225	190
Capitalised interest	(225)	(190)
	-	-

13 INCOME TAX

	2017	2016
	£000	£000
Current tax:		
UK Corporation tax	43	-
Adjustments in respect of prior years	38	-
Current tax credit for the year	81	-
Deferred tax:		
Origination and reversal of temporary differences	(43)	-
Impact of tax rate change	4	-
Deferred tax charge for the year	(39)	-
Income tax credit for the year	42	-

Tax on the loss for the year varied from the standard rate of UK Corporation Tax applicable to the company as follows:

	2017	2016
	£000	£000
Corporation tax at 19.25% (2016 20%)	(1)	(1)
Adjustments in respect of prior years	38	-
Impact of tax rate change	4	-
Non deductible expenses and other permanent differences	1	1
Income tax credit for the year	42	-

The rate of UK Corporation Tax reduced from 20% to 19% on 1 April 2017. Legislation has been enacted to reduce the rate of UK Corporation Tax to 17% on 1 April 2020. This reduces the tax rates expected to apply when temporary differences reverse and impacts the deferred tax charge.

14 RELATED PARTY TRANSACTIONS

(a) Transactions and balances arising in the normal course of business

	2017		2016	
	UK parent (SPL) £000	Other Iberdrola group companies £000	UK parent (SPL) £000	Other Iberdrola group companies £000
Types of transaction				
Interest costs (Note (ii))	(225)	-	(190)	-
Balances outstanding				
Loans payable	(19,891)	-	(16,004)	-
Trade and other payables	-	(79)	-	(75)
Capital payables	-	(17)	-	-
Interest payable	(225)	-	(190)	-

(i) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

(ii) All amounts relating to 'Interest costs' have been capitalised in both years.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

14 RELATED PARTY TRANSACTIONS *continued*

(b) Remuneration of key management personnel

The remuneration of the key management personnel of the company is set out below. As all of the key management personnel are remunerated for their work for the ScottishPower Renewables business ("Renewables"), it has not been possible to apportion the remuneration specifically in respect of services to this company. All four (2016 three) key management personnel were remunerated by other companies within Renewables.

	2017 £000	2016 £000
Short-term employee benefits	1,074	678
Post-employment benefits	129	124
Share-based payments	761	479
	1,964	1,281

(c) Directors' remuneration

The total remuneration of the directors that provided qualifying services to the company is shown below. As these directors are remunerated for their work for Renewables, it has not been possible to apportion the remuneration specifically in respect of services to this company. All three (2016 three) directors were remunerated by other companies within Renewables.

	2017 £000	2016 £000
Executive directors		
Aggregate remuneration in respect of qualifying services	1,082	737
Aggregate contributions payable to a defined contribution pension scheme	26	20
Number of directors who exercised share options	2	2
Number of directors who received shares under a long-term incentive scheme	3	3
Number of directors accruing retirement benefits under a defined benefit scheme	1	1
Number of directors accruing retirement benefits under a defined contribution scheme	1	1
	2017	2016
Highest paid director	£000	£000
Aggregate remuneration	557	314
Accrued pension benefit	77	72

(i) The highest paid director received shares under a long-term incentive scheme during both years.

(ii) The highest paid director exercised share options during both years.

(d) Ultimate parent company and immediate parent company

The immediate parent company is SPRUKL. The registered office of SPRUKL is The Soloist, 1 Lanyon Place, Belfast, BT1 3LP, Northern Ireland.

The directors regard Iberdrola, S.A. as the ultimate parent company, which is also the parent company of the largest group in which the results of the company are consolidated. The parent company of the smallest group in which the results of the company are consolidated is Scottish Power UK plc.

Copies of the consolidated Accounts of Iberdrola, S.A. may be obtained from Iberdrola, S.A., at its registered office, Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. Copies of the consolidated Accounts of Scottish Power UK plc may be obtained from ScottishPower UK plc, at its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

The company has no other related undertakings in addition to the parent undertakings disclosed above.

15 AUDITORS' REMUNERATION

	2017 £000	2016 £000
Audit of the company's annual Accounts	7	7

KPMG LLP was appointed auditor of the company during 2017, replacing Ernst & Young LLP. Auditor remuneration for 2017 is payable to KPMG LLP and payable to Ernst & Young LLP for 2016.

EAST ANGLIA THREE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2017

16 GOING CONCERN

The company's business activities together with the factors likely to affect its future development and position are set out in the Directors' Report on pages 1 to 3.

The company has recorded a profit after tax in the current year and a loss after tax in the previous financial year and the company's balance sheet shows that it has net current liabilities of £21,312,000 and net assets of £28,000 at its most recent balance sheet date.

The company is ultimately owned by Iberdrola, S.A. and it participates in the Iberdrola group's centralised treasury arrangements and so shares banking facilities with its parent companies and fellow subsidiaries. As a consequence, the company depends, in part, on the ability of the Iberdrola group to continue as a going concern. The directors have considered the company's funding relationship with Iberdrola to date and have considered available relevant information relating to Iberdrola's ability to continue as a going concern. In addition, the directors have no reason to believe that the Iberdrola group does not have the ability to and will not continue to fund the company, should it become necessary, to enable it to continue in operational existence.

On the basis of these considerations, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they adopt the going concern basis of accounting in preparing the Accounts.