

EAST ANGLIA TWO LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2019

Registered No. 11121842



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for the year ended 31 December 2019

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EAST ANGLIA TWO LIMITED

DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2019. This report has been prepared 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 Two Limited ("the company"), registered company number 11121842, is the development of the East Anglia Two 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.

The company was incorporated on 21 December 2017.

The company is part of ScottishPower's Renewables business ("Renewables") responsible for the origination, development, construction and operation of renewable generation plants principally onshore and offshore wind, with a growing presence in emerging renewable technologies and innovations such as battery storage and solar.

The company submitted a consent application to the Planning Inspectorate during October 2019 for the development of a 900 megawatt ("MW") offshore wind project. The company intends to develop this project as part of the East Anglia Hub ("EA Hub"), together with Renewables' East Anglia Three and East Anglia One North offshore wind farm projects. Leveraging on this scale in the supply chain is expected to produce significant optimisation opportunities.

The Accounts are prepared on a going concern basis, refer to Note 15 for further details.

RESULTS AND DIVIDEND

The net loss for the year was £5,000 (period from incorporation to 31 December 2018 £12,000). No dividend was paid during either the current year or prior period.

FINANCIAL INSTRUMENTS

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 the most recent Annual Report and Accounts of SPL.

EMERGENCE AND SPREAD OF CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world. In common with many governments, the United Kingdom ("UK") and devolved Governments have put in place restrictive measures to contain the spread of the virus. These are expected to endure for some time.

As the COVID-19 crisis has developed, ScottishPower, and therefore the company, has been committed to taking all necessary measures to help to protect the safety and wellbeing of its employees, its customers and the communities it serves, and has been working closely with government departments, The Office of Gas and Electricity Markets ("Ofgem") and industry bodies to ensure that ScottishPower, and therefore the company, continues to follow the latest advice.

The Renewables business, and therefore the company, has taken steps to maintain business and operational continuity, where possible.

Notwithstanding the above, as at the date of signing these Accounts, it is the directors' opinion that the principal activity of the company is expected to operate throughout this crisis period without significant disruption and therefore will not have an impact on the company's business operations, assets and liabilities. Further detail of events subsequent to the balance sheet date is provided in Note 16.

EAST ANGLIA TWO LIMITED

DIRECTORS' REPORT *continued*

MODERN SLAVERY STATEMENT

ScottishPower is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to its business. ScottishPower welcomed the introduction of the Modern Slavery Act 2015 and ScottishPower published its own Modern Slavery Statement, which was approved by the board of directors of SPL. This 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 period were as follows:

Heather Chalmers White (appointed 15 February 2019)

Jonathan Cole

Roy Scott (resigned 31 January 2019)

As at the date of this report, there have been no changes to the composition of the board of directors of the company ("the Board") since the year end.

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditor

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

- so far as he or she is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself 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 TWO LIMITED
DIRECTORS' REPORT *continued*

AUDITOR

KPMG LLP were re-appointed as auditor of the company for the year ended 31 December 2019.

This report has been prepared in accordance with the special provisions relating to small sized companies under section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, reading "Heather Chalmers White". The signature is written in a cursive, flowing style.

Heather Chalmers White
Director
25 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST ANGLIA TWO LIMITED

Opinion

We have audited the financial statements of East Anglia Two Limited ("the company") for the year ended 31 December 2019 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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, and the provisions available for small entities, in the circumstances set out in Note 1B to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that 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 that report for the financial period is consistent with the financial statements; and
- in our opinion that 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 prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and 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 MEMBERS OF EAST ANGLIA TWO 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 members, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Williamson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

319 St. Vincent Street

Glasgow

G2 5AS

26 August 2020

EAST ANGLIA TWO LIMITED
BALANCE SHEET
at 31 December 2019

	Notes	2019 £000	2018 £000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		15,302	12,424
Property, plant and equipment in the course of construction	3	15,302	12,424
NON-CURRENT ASSETS		15,302	12,424
CURRENT ASSETS			
Other receivables	4	101	22
Current tax asset		44	19
CURRENT ASSETS		145	41
TOTAL ASSETS		15,447	12,465
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		(17)	(12)
Share capital	5, 6	-	-
Retained losses	6	(17)	(12)
TOTAL EQUITY		(17)	(12)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	56	19
NON-CURRENT LIABILITIES		56	19
CURRENT LIABILITIES			
Bank borrowings and other financial liabilities		14,369	11,848
Loans and other borrowings	8	14,369	11,848
Trade and other payables	9	1,039	610
CURRENT LIABILITIES		15,408	12,458
TOTAL LIABILITIES		15,464	12,477
TOTAL EQUITY AND LIABILITIES		15,447	12,465

These Accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within the Companies Act 2006, Part 15, were approved by the Board and signed on its behalf on 25 August 2020 by:

Heather Chalmers White

Heather Chalmers White
Director

The accompanying Notes 1 to 16 are an integral part of the balance sheet as at 31 December 2019.

EAST ANGLIA TWO LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

		Year ended	Period from
		31 December 2019	incorporation to
	Notes	£000	31 December 2018
			£000
External services		(12)	(12)
OPERATING LOSS		(12)	(12)
Finance costs	10	-	-
LOSS BEFORE TAX		(12)	(12)
Income tax	11	7	-
NET LOSS FOR THE YEAR/PERIOD		(5)	(12)

Net loss for the current year and prior period is wholly attributable to the equity holder of East Anglia Two Limited.

Net loss for the current year and prior period comprises total comprehensive income.

All results relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share	Retained	Total
	capital	losses	equity
	£000	£000	£000
At incorporation	-	-	-
Share capital issued (refer to Note 5)	-	-	-
Total comprehensive income for the period	-	(12)	(12)
At 1 January 2019	-	(12)	(12)
Total comprehensive income for the year	-	(5)	(5)
At 31 December 2019	-	(17)	(17)

The accompanying Notes 1 to 16 are an integral part of the income statement and statement of comprehensive income and the statement of changes in equity for the year ended 31 December 2019.

EAST ANGLIA TWO LIMITED
CASH FLOW STATEMENT
for the year ended 31 December 2019

	Year ended 31 December 2019 £000	Period from incorporation to 31 December 2018 £000
Cash flows from operating activities		
Loss before tax	(12)	(12)
Changes in working capital:		
Change in other receivables	(79)	(22)
Change in trade and other payables	1	12
Income taxes received	19	-
Net cash flows from operating activities (i)	(71)	(22)
Cash flows from investing activities		
Investments in property, plant and equipment	(2,352)	(1,500)
Transfers from SPRUKL	-	(10,326)
Net cash flows from investing activities (ii)	(2,352)	(11,826)
Cash flows from financing activities		
Increase in amounts due to Iberdrola group companies - current loans payable	2,521	11,848
Interest paid	(98)	-
Net cash flows from financing activities (iii)	2,423	11,848
Net movement in cash and cash equivalents (i)+(ii)+(iii)	-	-
Cash and cash equivalents at beginning of year/at incorporation	-	-
Cash and cash equivalents at end of year/period	-	-

The accompanying Notes 1 to 16 are an integral part of the cash flow statement for the year ended 31 December 2019.

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS
31 December 2019

1 BASIS OF PREPARATION

A COMPANY INFORMATION

East Anglia Two Limited ("the company"), registered company number 11121842, 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 are prepared in accordance with the Accounting Policies set out in Note 2. Monetary amounts are presented in pounds Sterling and are rounded to the nearest thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

The Accounts have been prepared in accordance with FRS 101. In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") as at the date of approval of these Accounts and which are mandatory for the year ended 31 December 2019 ("IFRS as adopted by the EU") but has made amendments where necessary in order to comply with the Companies Act 2006 (the Accounts having been prepared in accordance with the special provisions relating to companies subject to the small companies regime within the Companies Act 2006, Part 15) and has set out below where advantages of the FRS 101 disclosure exemptions have been taken.

In the transition to FRS 101 from IFRS as adopted by the EU, the company has made no measurement and recognition adjustments.

In these Accounts, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- reconciliation of movements of liabilities to cash flows arising from financing activities;
- comparative period reconciliations for property, plants and equipment;
- disclosures in respect of transactions with wholly owned subsidiaries of Iberdrola, S.A.;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS pronouncements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Iberdrola, S.A. include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

C IMPACT OF NEW IFRS

In preparing these Accounts, the company has applied all relevant International Accounting Standards ("IAS"), IFRS and International Financial Reporting Interpretations Committee ("IFRIC") (collectively referred to as IFRS) 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 2019.

For the year ended 31 December 2019, the company has applied the following standards and amendments for the first time:

Standard	Notes
• IFRS 16 'Leases'	(a)
• IFRIC 23 'Uncertainty over Income Tax Treatments'	(b)
• Amendments to IFRS 9 'Financial Instruments: Prepayment Features with Negative Compensation'	(b)
• Amendments to IAS 28 'Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures'	(b)
• Annual Improvements to IFRS Standards 2015-2017 Cycle	(b)
• Amendments to IAS 19 'Employee Benefits: Plan Amendment, Curtailment or Settlement'	(b)

(a) IFRS 16 'Leases' was effective for the company as from 1 January 2019. The company carried out analysis in order to assess whether its agreements are, or contain, a lease at their inception considering the requirements of IFRS 16. No leases were identified, as such the application of IFRS 16 has not had an impact on the company's accounting policies, financial position or performance.

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

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2019

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND ACCOUNTING POLICIES

In determining and applying accounting policies, judgement is often required in respect of items which have a significant effect on the reported amounts of assets, liabilities, income and expenses recognised in the financial statements, other than those involving estimates; the company has no such judgements. At 31 December 2019, there are no assumptions made about the future or other major sources of estimation uncertainty which have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

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 once commissioned. 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. As the company's wind power plant has not been commissioned, no depreciation has been charged in the current year.

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 (the greater of its value-in-use and its fair value less costs to sell) 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 instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

C1 FINANCIAL LIABILITIES

C1.1 RECOGNITION AND INITIAL MEASUREMENT

The company's financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

C1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The company's financial liabilities are classified as measured at amortised cost and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest method is included as Finance costs in the income statement.

(a) Derecognition

The company derecognises a financial liability when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2019

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND ACCOUNTING POLICIES *continued*

D TAXATION

The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by 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 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 2019	
Cost:	
At 1 January 2019	12,424
Additions	2,878
At 31 December 2019	15,302
Net book value:	
At 31 December 2019	15,302
At 1 January 2019	12,424

(i) Interest on the funding attributable to major capital projects was capitalised during the year at a rate of 1.75% (2018 2.0%).

(ii) Included within the cost of property, plant and equipment is capitalised interest of £330,000 (2018 £98,000).

(b) Capital commitments

The company had £445,000 of capital commitments at 31 December 2019 (2018 £201,000) expected to be settled within one year in both years.

4 OTHER RECEIVABLES

	2019 £000	2018 £000
Current receivables:		
Other tax receivables	101	22

5 SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid shares:		
One ordinary share of £1 (2018 one)	1	1

(a) The holder of the ordinary share is entitled to dividends as declared from time to time; amounts on the capitalisation of profits and reserves; and notice and attendance at general meetings of the company, with the member entitled to one vote on a show of hands and on a poll one vote for the share held.

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2019

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

	Share capital (Note (a)) £000	Retained losses (Note (b)) £000	Total £000
At incorporation	-	-	-
Share capital issued	-	-	-
Loss for the period attributable to equity holder of the company	-	(12)	(12)
At 1 January 2019	-	(12)	(12)
Loss for the year attributable to equity holder of the company	-	(5)	(5)
At 31 December 2019	-	(17)	(17)

(a) On 21 December 2017 the company issued one ordinary share of £1 to SPRUKL for a consideration of £1.

(b) Retained losses comprises the cumulative balance of profits and losses recognised in the accounts.

7 DEFERRED TAX

	Property, plant and equipment £000
At incorporation	-
Charge to the income statement	19
At 1 January 2019	19
Charge to the income statement	37
At 31 December 2019	56

Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% on 1 April 2020. Accordingly, deferred tax balances have been measured at the 17% rate, this being the tax rate enacted at the balance sheet date and the rate temporary differences are expected to reverse. After 31 December 2019, further legislation has been substantively enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968 that maintains the 19% UK Corporation tax rate. The 19% rate will apply from 1 April 2020. This rate change would increase the 31 December 2019 deferred tax liability by £7,000. The company has not recognised a deferred tax asset in relation to pre-trading expenditure of £12,000 due to uncertainty over the availability of future taxable profits.

8 LOANS AND OTHER BORROWINGS

Instrument	Interest rate*	Maturity	2019 £000	2018 £000
Loans with Iberdrola group companies	Base + 1%	On demand	14,369	11,848

* Base – Bank of England Base Rate

9 TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Current trade and other payables:		
Payables due to Iberdrola group companies - capital	404	331
Payables due to Iberdrola group companies - interest	232	98
Trade payables	13	12
Capital payables and accruals	390	169
	1,039	610

(i) At 31 December 2019, letters of credit posted amounted to £1,320,000 (2018 £1,320,000).

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2019

10 FINANCE COSTS

	Year ended 31 December 2019 £000	Period from incorporation to 31 December 2018 £000
Interest on amounts due to Iberdrola group companies	232	98
Capitalised interest	(232)	(98)
	-	-

11 INCOME TAX

	Year ended 31 December 2019 £000	Period from incorporation to 31 December 2018 £000
Current tax:		
UK Corporation Tax	(44)	(19)
Current tax credit for the year/period	(44)	(19)
Deferred tax:		
Origination and reversal of temporary differences	44	19
Impact of tax rate change	(7)	-
Deferred tax charge for the year/period	37	19
Income tax for the year/period	(7)	-

The tax credit on the loss on ordinary activities for the year/period varied from the standard rate of UK Corporation Tax as follows:

	Year ended 31 December 2019 £000	Period from incorporation to 31 December 2018 £000
Corporation Tax at 19% (2018 19%)	(2)	(2)
Impact of tax rate change	(7)	-
Other permanent differences	2	2
Income tax for the year/period	(7)	-

Legislation was previously enacted to reduce the rate of UK Corporation Tax to 17% on 1 April 2020. Accordingly, deferred tax balances have been measured at the 17% rate, this being the tax rate enacted at the balance sheet date and the rate temporary differences are expected to reverse. After 31 December 2019, further legislation has been substantively enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968 that maintains the 19% UK Corporation tax rate. The 19% rate will apply from 1 April 2020.

12 EMPLOYEE INFORMATION

The company has no employees (2018 none).

13 RELATED PARTY TRANSACTIONS

Ultimate 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 ("SPUK").

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 SPUK may be obtained from 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.

EAST ANGLIA TWO LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2019

14 AUDITOR'S REMUNERATION

	Year ended 31 December 2019 £000	Period from incorporation to 31 December 2018 £000
Audit of the company's annual Accounts	12	12

15 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 loss after tax in the current financial year and the company's balance sheet shows that it has net current liabilities of £15,263,000 and net liabilities of £17,000 as at 31 December 2019. Notwithstanding this, as at 31 December 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a component of the ScottishPower group which in turn is part of Iberdrola, one of the world's largest integrated utilities. The company participates in a UK treasury function operated by the company's intermediate parent company, Scottish Power Limited. The UK treasury function works closely with Iberdrola to manage the company's funding requirements which are reviewed and adjusted on a regular basis using funding provided via Iberdrola, through the global treasury function. The directors of Scottish Power Limited have completed an assessment of their ability to provide this financial support across the ScottishPower group and are satisfied that this can be provided utilising its committed facilities with Iberdrola group treasury.

The directors of the company are aware of the assessment performed by the directors of Scottish Power Limited and they are satisfied that Scottish Power Limited has the ability to provide the company with the financial support it requires to meet its liabilities as they fall due for a period of at least twelve months from the date of these financial statements. However, as with any company placing reliance on other group entities for financial support, the company directors acknowledge that there can be no certainty that this financial support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Since the year end, the economic environment has been affected by the global COVID-19 pandemic. However, due to the nature of the company's core activities, the direct effects on cash flows and prospective development, as a result of COVID-19, are expected to be limited.

For the purposes of the directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the directors have prepared a company cash flow statement for a period of 16 months from the date of approval of these financial statements. The cash flow forecasts indicate that, after taking account of severe but plausible downsides including the impact of the COVID-19 pandemic, the company's existing resources and the financial support noted above from Scottish Power Limited are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 16 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

16 EVENTS AFTER THE BALANCE SHEET DATE

In March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world. In common with many governments, the UK and Scottish Governments have put in place restrictive measures to contain the spread of the virus. These are expected to endure for some time.

As the significant impacts of COVID-19 arose after 31 December 2019, this is considered a non-adjusting post balance sheet event for the company for the year ended 31 December 2019, without prejudice to the fact that the impacts will be recognised as part of the 31 December 2020 year end.

At the date of signing these Accounts, it is the directors' opinion that the principal activity of the company is expected to operate throughout this crisis period without significant disruption and therefore will not have a material impact on the company's business operations, assets and liabilities.