

EAST ANGLIA ONE LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2021

Registered No. 07366753



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for the year ended 31 December 2021

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EAST ANGLIA ONE LIMITED

STRATEGIC REPORT

The directors present their Strategic Report on East Anglia One Limited ("the Company") for the year ended 31 December 2021. This includes an overview of the Company's structure, strategic outlook including 2021 performance, and principal risks and uncertainties.

INTRODUCTION

The principal activity of the Company, registered company number 07366753, is the operation of the 714 megawatt ("MW") East Anglia One ("EA1") offshore wind farm located off the East Anglian Coast. 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") which owns 60% of the Company's share capital and has control of the Company. The remaining 40% is held by Bilbao Offshore Holding Limited ("BOHL"). Scottish Power Limited ("SPL") is the United Kingdom ("UK") holding company of the Scottish Power Limited Group ("ScottishPower") of which the Company is a member.

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 renewable technologies and innovations such as battery storage and solar.

STRATEGIC OUTLOOK

Operating review

In 2021, the EA1 offshore wind farm project completed its first full year as a fully commissioned site. Availability has been as expected but the wind resource, and thus production, is lower than expected.

COVID-19 has not had a significant impact on the Company's business operations and is not deemed to impact the conclusions that the Company will continue as a going concern.

2021 performance

	Revenue*		Operating profit*		Capital investment**	
	2021	2020	2021	2020	2021	2020
Financial key performance indicators	£m	£m	£m	£m	£m	£m
East Anglia One Limited	384.3	287.1	225.6	184.4	27.1	405.5

* Revenue and operating profit as presented on the Income statement on page 16.

** Capital investment for 2021 as presented in Notes 3 and 4 on pages 26 and 27.

Revenue increased by £97.2 million to £384.3 million in 2021 reflecting the first full year of the wind farm being fully commissioned.

Operating profit increased by £41.2 million to £225.6 million in 2021 as increased revenues were partly offset by higher operating and maintenance costs and depreciation.

Capital investment decreased by £378.4 million to £27.1 million in 2021 as construction of the wind farm was completed during the prior year.

Non-financial key performance indicators	Notes	2021	2020
Plant output (GWh)	(a)	2,786	2,280
Installed capacity (MW)	(b)	714	714

(a) Plant output is a measure of the electrical output generated in the year measured in gigawatt hours ("GWh"), which in turn drives the revenues of the business. Plant output has increased in 2021 reflecting the first full year of the wind farm being fully commissioned.

(b) Installed capacity represents the total number of MW installed. This includes all turbines erected irrespective of whether they are generating or not.

EAST ANGLIA ONE LIMITED

STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

Financial instruments and funding

The Company's construction funding was entirely equity-financed. Under an agreement entered into between the Company and the shareholders, the funding required solely to complete the EA1 wind farm was provided to the Company by way of each shareholder subscribing, in cash, for shares to be issued by the Company, at par, in proportion to their existing shareholdings. The final shareholder subscription occurred in October 2020. The Company is now funded through its operational cash flows.

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 (refer to Note 8). Further details of the treasury and interest policy for ScottishPower and how it manages the related risks are included in the most recent Annual Report and Accounts of SPL.

PRINCIPAL RISKS AND UNCERTAINTIES

To deliver its strategy, ScottishPower conducts business in a manner benefitting customers through balancing cost and risk, while delivering shareholder value and protecting its performance and reputation by prudently managing the risks inherent in the business. To maintain this strategic direction, ScottishPower develops and implements risk management policies and procedures, and promotes a robust control environment at all levels of the organisation. Further details of ScottishPower's risk management practices can be found in the most recent Annual Report and Accounts of SPL.

The principal risks and uncertainties of ScottishPower relevant to the Company and those specific to the Company, that may impact current and future operational and financial performance and the management of these risks are described below:

REGULATORY AND POLITICAL RISKS	
RISK	RESPONSE
Material deterioration in the relatively stable and predictable UK regulatory and political environment, including any sudden changes of policy, or interventions outside established regulatory frameworks.	Positive and transparent engagement with all appropriate stakeholders to ensure that long-term regulatory stability and political consensus is maintained and public backing is secured for the necessary investment in the UK energy system. Providing stakeholders with evidence of the risks of ad hoc intervention in markets.

FINANCIAL RISKS	
RISK	RESPONSE
Impacts arising from market and regulatory reactions to events including COVID-19 and Brexit. These could include increased volatility on the value of Sterling and foreign currencies, and in the longer term, there could be positive or negative changes in the UK economy.	In addition to monitoring ongoing developments, ScottishPower, and so the Company, has specific procedures in place to manage these key market risks. The Company uses foreign currency forwards in relation to asset purchases and service contracts (refer to Note 8). Further details of the Treasury risk management policy is included in the most recent Annual Report and Accounts of SPL.
In light of the outbreak of war in Ukraine during early 2022, ScottishPower, and therefore the Company, continues to assess the impact of this on commodity prices, foreign exchange rates and the global supply chain through our market risk management policies noted above and continued engagement with suppliers.	No material operational issues have arisen to date or are expected, however ScottishPower will continue to monitor the situation and put mitigating actions in place if and when appropriate.

EAST ANGLIA ONE LIMITED
STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

BUSINESS RISKS	
RISK	RESPONSE
<p>The risk that Iberdrola's, ScottishPower's, and therefore the Company's strategy or operations have an unacceptable impact on the environment and on national and international targets to tackle climate change, or that climate change has an unacceptable impact on operations.</p> <p><i>The impacts of climate change include: the risks of transition (regulatory, market, technological, reputational changes, lawsuits, demand variations); physical risks (increase in temperatures, rise in sea level, variation in the rainfall pattern, increase in extreme meteorological phenomena in frequency and intensity etc.); and other risks such as the credit deterioration of counterparties (suppliers, banks, others), social phenomena (humanitarian crises, impacts on crops and fishing, refugee crises, epidemics) and greater competition for financial resources.</i></p>	<p>Iberdrola's, ScottishPower's, and so the Company's commitment to tackle climate change is reflected in the Company's strategy.</p> <p>Iberdrola's, ScottishPower's, and so the Company's key measures to mitigate climate change risks are set out in the most recent Annual Report and Accounts of SPL.</p> <p>Overall, the opportunities deriving from the decarbonisation of the global economy outweigh the risks.</p> <p>For further information, please refer to Iberdrola's latest Integrated Report and Sustainability Report. In addition, Iberdrola's Climate Change policy is available at www.iberdrola.com.</p>

OPERATIONAL RISKS	
RISK	RESPONSE
<p>The potential for Renewables' plant performance issues or inability to export power to reduce plant availability.</p> <p>This is also impacted by restrictions on the flow of goods and equipment due to COVID-19 and Brexit.</p>	<p>Proactive technical assessments and monitoring of key risk areas associated with wind turbine performance, diversification of the service and maintenance model where reliance is placed on framework agreement for key activities, optimising service and maintenance activities to ensure each activity is appropriate based on operational knowledge. In addition, co-ordination with the procurement team in negotiating terms and conditions with turbine suppliers and independent operations and maintenance service providers to ensure plant performance is optimised.</p>
<p>A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.</p>	<p>ScottishPower, and so the Company, has certified management systems in place to deliver activities as safely as possible. In addition, a ScottishPower Health and safety function exists and provides specialist services and support for the businesses, and so the Company, in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes, is established throughout ScottishPower, which aims to ensure not only continuing legal compliance but also to drive towards best practice in all levels of health and safety operations.</p>

EAST ANGLIA ONE LIMITED

STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

OPERATIONAL RISKS <i>continued</i>	
RISK	RESPONSE
Breach in cyber security and unwanted infiltration of ScottishPower's IT infrastructure by internal and external parties impacting key infrastructure, networks or core systems.	Implementation of a cyber-risk policy which provides the framework for mitigation. Proactive approach to identifying where ScottishPower, and so the Company, is vulnerable and addressing these points through technical solutions. Educating ScottishPower employees and contractors as to how behaviour can reduce this risk. Embedding cyber security in all projects where appropriate.

ENGAGING WITH STAKEHOLDERS

References to "ScottishPower" apply fully to Renewables, and therefore to the Company.

The importance of engaging with stakeholders

As part of the Iberdrola Group, ScottishPower is developing a responsible and sustainable energy model which focuses on the wellbeing of people, the protection of the environment, and the economic and social progress in the communities in which ScottishPower operates. ScottishPower strongly believes that effective and meaningful engagement with stakeholders is key to promoting its success and values.

Meaningful engagement with stakeholder groups supports the ethos of section 172 of the Companies Act 2006 which states that directors should have regard to stakeholder interests when discharging their duty to promote, in good faith, the success of the Company for the benefit of its members as a whole. Details of how ScottishPower, Renewables, and so the Company, engages with its stakeholders, and how these activities influence the Company's operations, are set out below.

Key stakeholders

ScottishPower, and therefore Renewables and the Company, has four key stakeholder categories: customers; government and regulators; suppliers and contractors; and community and environment.

Behind these stakeholders are millions of people, and thousands of institutions, organisations and groups. All of them, with their decisions and opinions, influence ScottishPower, Renewables, and so the Company, and they are also affected by ScottishPower's activities. In addition, these stakeholders interact with each other, creating a universe of relationships that ScottishPower needs to manage in order to achieve a better understanding of its operating environment and to deliver a more sustainable performance across its activities.

Shareholders are also important to the Company and ScottishPower. The Company's relationship with its shareholders (SPRUKL and BOHL) is governed by the Company's Articles of Association and a Shareholders' Agreement between these parties. Together these documents stipulate the mutual obligations between the Company and its shareholders. The Shareholders' Agreement lays out the agreed objective, conduct and purpose of the Company in connection with the construction and operation of the EA1 offshore wind farm.

The Shareholders' Agreement also stipulates the composition of the board of directors of the Company ("the Board") (currently three directors nominated by SPRUKL and two by BOHL) and requires that not less than one director appointed by each of the shareholders is present at any meeting of the Board in order for a quorum to be satisfied. This requirement ensures each shareholders' interest is taken into account at a board level.

Further, the Shareholders' Agreement identifies certain business matters and decisions which are reserved for approval by the shareholders (including, but not limited to, changes to the capital structure or business practices of the Company, insolvency proceedings, and certain contractual matters). Thus, shareholders' interests are explicitly factored into certain decisions the Company makes.

CUSTOMERS

The Company's key customer is ScottishPower Energy Retail Limited ("SPERL"), a fellow Iberdrola Group company, to whom it provides energy and related services. The energy produced and sold to SPERL also directly drives the income generated via the Contract for Difference ("CfD") the Company has with the Low Carbon Contracts Company ("LCCC"). The success of the Company depends on continuous engagement to understand and provide for the needs of SPERL and the LCCC.

EAST ANGLIA ONE LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

GOVERNMENT AND REGULATORS

Governments and regulators play a central role in shaping the energy sector. ScottishPower, and therefore the Company, engages with them directly and through trade associations, responding to issues of concern and providing expertise to support policy development. Through this engagement, ScottishPower, and therefore the Company, aims to contribute to the delivery of a UK energy system that functions in the interests of customers now, and in the future, including achievement of the UK and Scottish Governments' net zero decarbonisation targets.

In the course of the year, ScottishPower committed significant resource in its capacity as a principal sponsor to supporting the UK Government in delivering the climate change conference, the Conference of the Parties ("COP26") in Glasgow, highlighting priorities for decarbonising the energy sector and achieving a just transition.

ScottishPower also continues to work with governments on their policies for future support for renewables and new technologies such as green hydrogen.

SUPPLIERS AND CONTRACTORS

As part of its mission for a better future, quicker, ScottishPower is always looking for new suppliers and contractors, and for ways to improve its working relationships with existing suppliers and contractors. ScottishPower's suppliers have a key role to play in the delivery of projects and services that are being undertaken to provide a low-carbon future for the UK. ScottishPower, and therefore the Company, aims to develop and maintain strong relationships across its supply base with a focus on health and safety, quality, cost and sustainability.

Engagement with the supply chain is always a critical activity for the Company and it becomes even more important due to the current COVID-19 pandemic and the Brexit transition. Both COVID-19 and Brexit have impacted the supply chain. The Company is experiencing cost pressures due to high global commodity prices along with increasing freight and labour costs. The Company is also dealing with longer lead times for some equipment and a number of suppliers have also been impacted by labour shortages. ScottishPower, and therefore the Company, has looked to support its supply chain during these challenging times by working collaboratively on forecasting its requirements, and also established customs brokerage services, which can be utilised by its supply base.

As part of ScottishPower, the Company's engagement with its suppliers and contractors is driven by the decisions, policies and procedures in place at a ScottishPower level. Further details as to how ScottishPower, and so the Company, engages with its supply chain are provided in 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. Throughout the year, the Company has maintained a strong health and safety focus and record. 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.

Modern Slavery Statement

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower, Renewables, and so the Company, is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to its business. In accordance with the Modern Slavery Act 2015, ScottishPower has produced its own Modern Slavery Statement, which was approved by the board of directors of SPL. This statement is published on the ScottishPower website at: https://www.scottishpower.com/pages/scottishpowers_modern_slavery_statement.aspx

COMMUNITY AND ENVIRONMENT

ScottishPower, and therefore the Company, continually strives to be a trusted, respected and integrated part of the community, by operating with integrity, transparency, and working closely within the community to build relationships. ScottishPower aims to ensure it conducts its activities responsibly and makes a positive contribution to society. As key stakeholders, engaging with communities is essential to delivering ScottishPower's objectives.

ScottishPower, and therefore the Company, is committed to reducing its environmental footprint by: reducing emissions to air, land and water and preventing environmental harm; minimising energy consumption and use of natural and man-made resources; sourcing material resources responsibly, cutting waste and encouraging re-use and recycling; and protecting natural habitats and restoring biodiversity.

EAST ANGLIA ONE LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

COMMUNITY AND ENVIRONMENT *continued*

The Company has launched an innovative pilot project to reduce its carbon emissions by using waste vegetable oil to help power crew transfer vessels working on the wind farm. Supporting ScottishPower's commitment to net zero, the renewable vessel fuel, HVO30 (made from 30% hydrogenated vegetable oil and a marine gas oil fuel blend) will be used to power two crew transfer vessels provided by Great Yarmouth-based NR Marine Services. Compared to standard marine gas oil, HVO30 is predicted to result in around a 30% reduction in equivalent CO₂ emissions from the two vessels. The renewable fuel is created entirely from waste vegetable oils and holds proof of sustainability from the International Sustainability & Carbon Certification system.

Further details as to how ScottishPower, and so the Company, engages with communities and manages its impact on the environment are provided in the most recent Annual Report and Accounts of SPL.

INNOVATION

Living with the sustained and significant impacts of the pandemic in 2021, it has never been more crucial that ScottishPower continues to grow and evolve to be the energy company of the future. Providing the critical services customers demand and ensuring those most vulnerable are not left behind during the transition to net zero is at the heart of everything ScottishPower does. By embracing innovative technologies, adopting new ways of working and collaborating with new partners, ScottishPower leads by example in making sure clean, affordable energy is available to all.

Further details as to how ScottishPower, and so the Company, is embracing innovative technologies is provided in the most recent Annual Report and Accounts of SPL.

SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 requires the directors of East Anglia One Limited to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The delivery of the Company's strategy requires the Company to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the performance and reputation of the Company by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under section 172 of the Companies Act 2006 have been considered.

The directors strongly believe that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the Company. Details of the key stakeholders of the Company, and how it engages with them are as follows:

- **Customers:** details of how the Company engages with its customers are explained in the 'Customers' sub-section of the Strategic Report, on page 4.
- **Communities and the environment:** details of how ScottishPower, and so the Company, engages with communities and considers the environment are set out in the 'Community and environment' section of the Strategic Report, on page 5 and 6.
- **Suppliers and contractors:** details of how ScottishPower, and so the Company, engages with its suppliers are set out in the 'Suppliers and contractors' sub-section of the Strategic Report, on page 5.
- **Government and regulators:** details of how ScottishPower, and so the Company, engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report, on page 5.

EAST ANGLIA ONE LIMITED
STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

In addition, a statement in relation to the Company's interaction with its shareholders is described in the introduction to the 'Engaging with stakeholders' section of the Strategic Report on page 4.

The directors, both individually and together as the board of directors of the Company ("the Board") consider that the decisions taken during the year ended 31 December 2021 in discharging the function of the Board were in conformance with their duty under section 172 of the Companies Act 2006.

The Board is assisted in considering key stakeholders as part of the decision-making process by the inclusion of stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

ON BEHALF OF THE BOARD



Heather Chalmers White
Director
29 June 2022

EAST ANGLIA ONE LIMITED

DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2021.

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 7:

- information on financial risk management and policies;
- information regarding future developments of the Company's business; and
- information in relation to innovation activities.

STREAMLINED ENERGY AND CARBON REPORTING

The Company is exempt under section 20A of Part 7A of Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the requirements to present disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency action as such disclosures relating to the SPL Group, of which the Company is a part, are presented in the most recent Annual Report and Accounts of SPL.

RESULTS AND DIVIDEND

The net profit for the year was £142.6 million (2020 £144.8 million). An interim dividend of £139.6 million was paid during the year (2020 nil).

CORPORATE GOVERNANCE

As required by the Companies (Miscellaneous) Reporting Regulations 2018, the directors of the Company have set out as follows a statement of the corporate governance arrangements of the Company.

Corporate structure

The immediate parent of the Company is SPRUKL which owns 60% of the Company's share capital and has control of the Company; the remaining 40% is held by BOHL.

The Company is part of Renewables, headed by ScottishPower Renewable Energy Limited ("SPREL"). The ultimate parent of Renewables is Iberdrola. Given BOHL's shareholding, the Company is also an indirect investee of BOHL's immediate parent Bilbao Offshore Investment Limited ("BOIL"). BOIL is owned by Verneuil Holdings Limited ("VHL") and Bilbao Offshore Topco Limited ("BOTL"). VHL is owned jointly by The Renewable Infrastructure Group Ltd and InfraRed European Infrastructure Income Fund 4. The ultimate parent of BOTL is Macquarie Group Limited.

The Company's relationship with its shareholders is governed by its articles of association ("Articles") and a shareholders' agreement ("SHA"). Together, these documents stipulate the mutual rights and obligations between the Company and its shareholders, and between its shareholders. In particular, the SHA identifies the agreed objectives and purpose of the Company in connection with the construction and operation of the EA1 offshore wind farm, in addition to setting out how the shareholders must conduct themselves in relation to the Company.

The SHA stipulates the composition of the Board; currently three directors nominated by SPRUKL and two by BOHL. At least one director appointed by each shareholder must be present at any meeting of the Board in order for the meeting to be quorate and decisions to be made. The directors in attendance at any Board meeting carry all the voting rights of their respective shareholding. The SHA also identifies certain business matters and decisions which are reserved for approval by the shareholders, including, but not limited to, changes to the capital structure or business practices of the Company, insolvency proceedings, and certain contractual matters.

Corporate governance system

The Company does not apply a corporate governance code. As a subsidiary of Renewables, it adheres to the rules and principles of governance established by SPREL, set by the board of directors of SPREL ("the SPREL Board"), in accordance with its terms of reference, subject always to any specific requirements of the Articles and the SHA. The terms of reference of the SPREL Board are published on www.scottishpowerrenewables.com under 'Corporate Governance'.

EAST ANGLIA ONE LIMITED

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

The corporate governance system established and operated by the Renewables Group headed by SPREL, is known as the ScottishPower Renewables Governance and Sustainability System ("GSS"). The GSS is based on recognised principles of good governance. It is updated from time to time to reflect the decision-making policies, procedures, strategies and general guidelines established and revised by ScottishPower, and in turn the Iberdrola Group. All of the policies and documents constituting the GSS are divided into five 'chapters': (1) By-Laws, (2) Purpose, (3) Environment and Climate Change, (4) Social Commitment, and (5) Corporate Governance (available on www.scottishpowerrenewables.com under 'Corporate Governance').

The Company is governed by the Board, which, as set out below, consisted of five directors at 31 December 2021 who bring a broad range of skills and experience to the Company. The Board is regulated in accordance with the Articles, the SHA, the Companies Act 2006 ("the Act") and applicable regulation. Appointments to the Board are a matter for each shareholder via their power to appoint directors of the Company under the SHA.

Board composition

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

Jonathan Cole (resigned 4 October 2021)
Heather Chalmers White
Jennifer Anne Gascoigne (appointed 13 December 2021)
Charles Jordan
Edward Patrick Northam (resigned 13 December 2021)
Alvaro Martinez Palacio (appointed 15 November 2021)
Anthony James Wort

As at the date of this report, there have been no changes to the composition of the Board since the year end.

Board decision-making

In discharging its responsibilities and in the exercise of its decision-making powers during 2021, the Board has adhered to the GSS. The Board has also taken into account the wider corporate governance system within which SPREL and its subsidiaries operate, including the purpose and values of the Iberdrola Group, and the Iberdrola Code of Ethics, corporate policies and other internal codes and procedures that make up the corporate governance framework operated by ScottishPower and, ultimately, by the Iberdrola Group. Further detail on the Board's decision-making is available in the statement on fulfilment of section 172 of the Act on page 6.

Director responsibilities

Each director is aware of their statutory duties under the Act. The primary responsibility of the Board is to make decisions directly in relation to the activities of the Company's business. Oversight of the management of the Company is exercised by SPRUKL in accordance with an Operation and Maintenance Agreement ("the OMA") and a Management Services Agreement ("the MSA") both entered into between the Company and SPRUKL. Overall supervision of the Company's operations and administration is performed by the Board.

Purpose, values and stakeholder engagement

During 2021, the Board has taken into account the Purpose and Values of the Iberdrola Group and its Code of Ethics (which form part of the GSS).

Renewables is developing a responsible and sustainable energy model which focuses on the wellbeing of people, the protection of the environment, and economic and social progress in the communities in which it operates. This requires meaningful engagement with stakeholder groups, supporting the ethos of section 172 of the Act, which states that directors should have regard to stakeholder interests when discharging their duty to promote, in good faith, the success of the Company for the benefit of its members as a whole. Details of how the Company engages with its stakeholders and how such activities influence the Company's operations are set out on pages 1 to 3.

EAST ANGLIA ONE LIMITED

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

Opportunity and risk

The delivery of the Renewables business strategy requires business to be conducted in a manner benefitting customers through the balancing of cost and risk while delivering shareholder value and protecting performance and reputation by prudently managing risk inherent in the business. To maintain this strategic direction, the Renewables business has developed and implemented risk management policies and procedures, promoting a robust control environment at all levels of the business.

Risk management decisions for the Company are taken by the Board. Oversight of risk management decisions for the Company is exercised by SPRUKL in accordance with the OMA and MSA. The setting of business-wide policies as employed by the Company, and for overall risk management, is undertaken by the SPREL Board which adopts the relevant risk profile and risk policies. Details of the accepted risk profile and copies of policies adopted are available on www.scottishpowerrenewables.com under 'Corporate Governance'.

Remuneration

Board members are not entitled to receive any remuneration from the Company but are remunerated in line with the policies of their appointing shareholder.

DIRECTORS INDEMNITY

In terms of the Company's Articles of Association, a qualifying third party indemnity provision is in force for the benefit of all the directors of the Company and has been in force during the financial year.

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

The directors are responsible for preparing the Annual 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, relevant, reliable 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company that is included on the ScottishPower website. Legislation in the UK governing the preparation and dissemination of the financial statements differs from legislation in other jurisdictions.

EAST ANGLIA ONE LIMITED
DIRECTORS' REPORT *continued*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS *continued*

Disclosure of information to auditor

Each of the directors in office as at the date of this Annual 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.

AUDITOR

KPMG LLP was re-appointed as the auditor of the Company for the year ending 31 December 2022.

ON BEHALF OF THE BOARD



Heather Chalmers White
Director
29 June 2022

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

Opinion

We have audited the financial statements of East Anglia One Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of financial position, Income statement, Statement of comprehensive income, Statement of changes in equity, Statement of cash flows 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 2021 and of its profit 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 FRC Ethical Standard. 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 from the date of approval of the financial statements through to 31 December 2023 ("the going concern period").

We used our knowledge of the company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the company's available financial resources over this period was the impact of a dip in power prices industry-wide due to the demand across the country being lower.

We also considered less predictable but realistic second order impacts, such as the impact of the decision on offshore transmission asset costs and the adverse impact of milder weather.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the company's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in Note 1 to be acceptable.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and internal audit and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EAST ANGLIA ONE LIMITED *continued*

Fraud and breaches of laws and regulations – ability to detect *continued*

Identifying and responding to risks of material misstatement due to fraud continued

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets/ recent revisions to guidance/ our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgments.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and environmental protection recognising the regulated nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST ANGLIA ONE LIMITED *continued*

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10-11, 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.

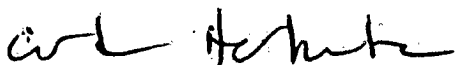
Auditor's responsibilities

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.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS

29 June 2022

EAST ANGLIA ONE LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Notes	2021 £m	2020 £m
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3	7.2	-
Property, plant and equipment in use	4	1,730.7	1,791.4
Right-of-use assets	5	66.7	68.8
Non-current trade and other receivables	6	5.5	7.1
TOTAL NON-CURRENT ASSETS		1,810.1	1,867.3
CURRENT ASSETS			
Inventories	7	722.7	724.4
Current trade and other receivables	6	91.6	47.3
Current tax asset		19.8	26.3
Derivative financial instruments	8	-	0.7
Cash		149.0	101.2
TOTAL CURRENT ASSETS		983.1	899.9
TOTAL ASSETS		2,793.2	2,767.2
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parents		2,395.6	2,395.2
Share capital	9, 10	876.9	876.9
Hedge reserve	10	2.5	5.1
Other reserves	10	6.4	6.4
Retained earnings	10	1,509.8	1,506.8
TOTAL EQUITY		2,395.6	2,395.2
NON-CURRENT LIABILITIES			
Non-current provisions	11	123.1	126.7
Derivative financial instruments	8	0.1	-
Non-current lease liabilities	5	71.1	72.0
Deferred tax liabilities	12	134.5	68.9
TOTAL NON-CURRENT LIABILITIES		328.8	267.6
CURRENT LIABILITIES			
Current provisions	11	-	0.2
Derivative financial instruments	8	0.1	0.1
Current lease liabilities	5	5.1	1.0
Current trade and other payables	13	63.6	103.1
TOTAL CURRENT LIABILITIES		68.8	104.4
TOTAL LIABILITIES		397.6	372.0
TOTAL EQUITY AND LIABILITIES		2,793.2	2,767.2

Approved by the Board and signed on its behalf on 29 June 2022.



Heather Chalmers White
Director

The accompanying Notes 1 to 24 are an integral part of the Statement of financial position as at 31 December 2021.

EAST ANGLIA ONE LIMITED
INCOME STATEMENT
for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Revenue		384.3	287.1
Procurements		(19.8)	(10.1)
GROSS MARGIN		364.5	277.0
External services		(55.1)	(27.8)
Other operating results		2.5	0.1
Net operating costs		(52.6)	(27.7)
Taxes other than income tax	14	(2.5)	(0.6)
GROSS OPERATING PROFIT		309.4	248.7
Depreciation and amortisation charge, allowances and provisions	15	(83.8)	(64.3)
OPERATING PROFIT		225.6	184.4
Finance income	16	0.1	0.2
Finance costs	17	(3.6)	(1.5)
PROFIT BEFORE TAX		222.1	183.1
Income tax	18	(79.5)	(38.3)
NET PROFIT FOR THE YEAR		142.6	144.8

Net profit for the current and prior year is wholly attributable to the equity holders of East Anglia One Limited.

All results relate to continuing operations.

The accompanying Notes 1 to 24 are an integral part of the Income statement for the year ended 31 December 2021.

EAST ANGLIA ONE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Note	2021 £m	2020 £m
NET PROFIT FOR THE YEAR		142.6	144.8
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to the Income statement:			
Cash flow hedges:			
Change in the value of cash flow hedges	10	(0.3)	-
Tax relating to cash flow hedges		-	-
		(0.3)	-
Items that will not be reclassified to the Income statement:			
Cash flow hedges:			
Change in the value of cash flow hedges	10	(2.9)	(19.0)
Tax relating to cash flow hedges	10	0.6	3.2
		(2.3)	(15.8)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(2.6)	(15.8)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		140.0	129.0

Total comprehensive income for both years is wholly attributable to the equity holders of East Anglia One Limited.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £m	Hedge reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2020	432.8	20.9	6.4	1,362.0	1,822.1
Total comprehensive income for the year	-	(15.8)	-	144.8	129.0
Share capital issued	444.1	-	-	-	444.1
At 1 January 2021	876.9	5.1	6.4	1,506.8	2,395.2
Total comprehensive income for the year	-	(2.6)	-	142.6	140.0
Dividends	-	-	-	(139.6)	(139.6)
At 31 December 2021	876.9	2.5	6.4	1,509.8	2,395.6

The accompanying Notes 1 to 24 are an integral part of the Statement of comprehensive income and Statement of changes in equity for the year ended 31 December 2021.

EAST ANGLIA ONE LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	2021 £m	2020 £m
Cash flows from operating activities		
Profit before tax	222.1	183.1
Adjustments for:		
Depreciation and amortisation	83.8	64.3
Change in provisions	(0.2)	-
Net finance income and costs	3.5	1.3
Changes in working capital:		
Change in trade and other receivables	(42.1)	(23.8)
Change in inventories	1.7	(32.3)
Change in trade and other payables	29.3	9.0
Income taxes paid	(6.8)	-
Net cash flows from operating activities (i)	291.3	201.6
Cash flows from investing activities		
Interest received	-	0.2
Investments in intangible assets	(7.7)	-
Investments in property, plant and equipment	(95.4)	(559.9)
Net cash flows from investing activities (ii)	(103.1)	(559.7)
Cash flows from financing activities		
Share capital issued	-	444.1
Dividends paid to the Company's equity holders	(139.6)	-
Interest paid on lease liabilities	(0.3)	(0.3)
Payments of lease liabilities	(0.5)	(1.5)
Net cash flows from financing activities (iii)	(140.4)	442.3
Net increase in cash and cash equivalents (i)+(ii)+(iii)	47.8	84.2
Cash and cash equivalents at beginning of year	101.2	17.0
Cash and cash equivalents at end of year	149.0	101.2
Cash and cash equivalents at end of year comprises:		
Cash	149.0	101.2
Statement of cash flows cash and cash equivalents	149.0	101.2

The accompanying Notes 1 to 24 are an integral part of the Statement of cash flows for the year ended 31 December 2021.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS
31 December 2021

1 BASIS OF PREPARATION

A COMPANY INFORMATION

East Anglia One Limited, registered company number 07366753, 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

B1 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 hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis apart from certain financial assets and liabilities which are measured at fair value.

The Accounts have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of international accounting standards ("IAS") as adopted by the UK ("UK-adopted IAS") in conformity with the requirements of the Companies Act 2006 including newly effective IAS for the year ended 31 December 2021 (refer to Note 1C2). As per Note 1C1, on transition from IAS as adopted by the European Union ("EU-adopted IAS") to UK-adopted IAS on 31 December 2020, the standards in force under both regimes were identical. However, in applying FRS 101, the Company has made amendments where necessary in order to comply with the Companies Act 2006 and has set out below where FRS 101 disclosure exemptions have been taken.

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;
- certain disclosures regarding revenue;
- comparative period reconciliations for property, plant and equipment;
- 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'.

B2 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 1 to 7.

The Statement of financial position presents net current assets of £914.3 million as at 31 December 2021. 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 ultimately owned by Iberdrola, S.A. (refer to Note 23(c)), one of the world's largest integrated utilities, and it participates in the Iberdrola Group's centralised treasury arrangements and shares banking facilities with its parent companies and fellow subsidiaries.

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 Statement of cash flows for a period of at least one year from the date of approval of these financial statements. The forecasts indicate that, even under the severe but plausible downside scenario, the Company's existing resources 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 one year from the date of approval of the financial statements, and therefore have prepared the aforementioned financial statements on a going concern basis.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

1 BASIS OF PREPARATION *continued*

C ACCOUNTING STANDARDS

C1 IMPACT OF BREXIT

After the end of the Brexit transition period (31 December 2020), the UK ceased to be subject to European Union ("EU") law. Under the European Union (Withdrawal) Act 2018, all existing IAS adopted by the EU at that time were 'frozen' into UK law thus considered as in force in the UK at the end of the transition period. Adoptions, interpretations and amendments of IAS endorsed by the EU after the transition period will no longer apply in the UK. Since the end of the transition period, UK-registered companies must use UK-adopted IAS. At the end of the transition period, those standards were identical to the EU-adopted IAS in force on that date, but subsequently the UK has established its own endorsement process to adopt UK-adopted IAS, interpretations and amendments of IAS. For the year ended 31 December 2020, UK companies therefore had the option to use any standards which had been adopted for use within the UK in addition to the frozen EU-adopted IAS.

In line with the above, the Accounts for the year ended 31 December 2020 were prepared in accordance with the 'frozen' IAS as adopted by the EU in accordance with the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019. The Accounts for financial year beginning 1 January 2021, have been prepared in accordance with UK-adopted IAS.

C2 IMPACT OF NEW IFRS

As noted above, these Accounts have been prepared in accordance with UK-adopted IAS. In preparing these Accounts, the Company has applied all relevant IASs, International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee interpretations ("IFRICs") (collectively referred to as IAS) that have been adopted by the UK as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2021.

For the year ended 31 December 2021, the Company has applied the following amendments for the first time:

Standard	Notes
• Amendments to IFRS 16 'Leases: Covid-19-Related Rent Concessions' and 'Covid-19-Related Rent Concessions beyond 30 June 2021'	(a), (b)
• Amendments to IFRS 9 'Financial Instruments'; IAS 39 'Financial Instruments: Recognition and Measurement'; IFRS 7 'Financial Instruments: Disclosures'; IFRS 4 'Insurance Contracts'; and IFRS 16 'Leases': 'Interest Rate Benchmark Reform – Phase 2'	(b)
• Amendments to IFRS 4 'Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9'	(b)
(a) The first-noted amendment to IFRS 16 makes available a practical expedient around rent concessions affecting payments originally due on or before 30 June 2021 and was applied by the Company on 1 January 2021. The latter amendment extends the time that practical expedient is available and is effective for periods commencing on or after 1 April 2021.	
(b) The application of these amendments has not had a material impact on the Company's accounting policies, financial position or performance.	

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL 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 2021, assumptions made about the future and other sources of estimation uncertainty which have risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year relate to decommissioning costs (refer to Note 21 and Note 11) and the Company's exemption from the requirement to hold a transmission licence (refer to Note 21).

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

- A REVENUE**
- B PROCUREMENTS**
- C INTANGIBLE ASSETS**
- D PROPERTY, PLANT AND EQUIPMENT**
- E LEASED ASSETS**
- F IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LEASED ASSETS**
- G FINANCIAL INSTRUMENTS**
- H INVENTORIES**
- I DECOMMISSIONING COSTS**
- J FOREIGN CURRENCIES**
- K TAXATION**

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

A REVENUE

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. All revenue is earned wholly within the UK and is wholly attributable to the principal activity of the Company.

The supply of electricity is a performance obligation satisfied over time because the customer consumes the benefits of the Company's performance at the same time as it is supplied. Volume is used to measure progress towards complete satisfaction of the performance obligation as this represents the transfer of electricity to the customer. Revenue is therefore recognised based on the number of units supplied at the unit rate specified in the contract. Units are based on energy volumes that can be sold on the wholesale market and are recorded on wind farm meters and industry-wide trading and settlement systems.

CfDs are accounted for as revenue grants and are recognised as income on a systematic basis over the period in which they become receivable, which is at the point of generation.

B PROCUREMENTS

Procurements principally comprise the cost of electricity purchased during the year in relation to energy generation and related direct costs and services. Costs are recorded on an accruals basis.

C INTANGIBLE ASSETS

The costs of acquired computer software, such as licences, are capitalised on the basis of the costs incurred to acquire, and bring to use, the specific software. Amortisation of acquired computer software is on a straight-line basis over their operational lives, which is generally up to five years.

D PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and is depreciated on a straight-line basis over the estimated operational lives of the assets. Property, plant and equipment includes capitalised interest, lease depreciation and other directly attributable costs. Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets (i.e. 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. Reviews of the estimated remaining lives and residual values of property, plant and equipment are undertaken annually. Residual values are assessed based on prices prevailing at each reporting date. The main depreciation periods used by the Company are set out below:

	Years
Wind power plants	23
Distribution facilities	23

E LEASED ASSETS

A contract is, or contains a lease if, at inception, the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

An identified asset will be specified explicitly or implicitly in the contract, and will be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

A contract conveys the right to control the use of an identified asset if the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the customer has the right to direct the use of the asset. The customer has this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. Where this is predetermined, the customer has the right to direct the use of the asset if either they have the right to operate the asset or they designed the asset in a way that predetermines how and for what purposes it will be used.

The Company has elected not to separate non-lease components and thus accounts for the lease and non-lease components in a contract as a single lease component.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

E LEASED ASSETS *continued*

E1 LESSEE

As a lessee, the Company recognises a right-of-use asset at the lease commencement date measured initially at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset, or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date over the shorter of the useful life of the underlying asset and the lease term. The right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability. The Company presents right-of-use assets within Non-current assets in the Statement of financial position and the depreciation charge is recorded within Depreciation, amortisation and provisions in the Income statement.

The lease liability recognised at the lease commencement date is measured initially at the present value of the lease payments that are not paid at that date. As the rates implicit in the leases cannot be readily determined, the liabilities are discounted using the Company's incremental borrowing rate, being the currency-specific interest rate that would be incurred on a loan, with similar terms, to purchase a similar asset. The incremental borrowing rates will be updated annually and applied to leases commencing in the subsequent year. Therefore, the lease liability is measured at amortised cost using the effective interest rate method. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to do so.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in the index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. This change in the lease liability will result in a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit or loss if the carrying amount of the right-of-use asset is zero.

The Company presents lease liabilities separately in the Statement of financial position; the discount on the liabilities unwinds over the term of the lease and is charged to Finance costs in the Income statement.

The Company has elected not to recognise right-of-use assets and lease liabilities for certain short-term leases that have a lease term of twelve months or less, and leases of intangible assets. The Company recognises any lease payments associated with such leases as an expense on a straight-line basis over the lease term.

In the Statement of cash flows, the Group includes the payment of lease liabilities and interest paid on lease liabilities within Cash flows from financing activities; variable lease payments which are not dependent on an index or rate are included in Cash flows from operating activities.

F IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LEASED ASSETS

At each reporting date, the Company reviews the carrying amount of its property, plant and equipment, intangible assets and leased assets 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). 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, the risks specific to the asset and lease liabilities under IFRS 16.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. 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. Any impairment is recognised in the Income statement in the period in which it is identified. 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, net of depreciation or amortisation, if no impairment loss had been recognised.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

G 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.

G1 FINANCIAL ASSETS

G1.1 CLASSIFICATION

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL") The classification of financial assets depends on the Company's business model for managing them to generate cash flows.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The business model of the Company does not depend on the intentions of management for an individual instrument. Therefore, it is not an instrument-by-instrument classification approach but determined from a higher level of aggregation.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'SPPI' test.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI test) on the principal amount outstanding.

All remaining financial assets (including equity instruments and other investments) that are not included within the above categories, are classified as FVTPL.

Financial assets are only subsequently reclassified when the Company changes its business model for managing them. Reclassifications are effective from the first day of the first reporting period following the change in business model. Such reclassifications are expected to be infrequent.

G1.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

All financial assets, except for trade receivables which are initially recognised when they originate, are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Subject to two exceptions, financial assets are initially measured at fair value. The two exceptions are trade receivables without a significant financing component which are measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15"), and financial assets not classified as FVTPL which are measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(b) Subsequent measurement and gains and losses

Financial assets classified as amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and net credit losses are recognised in the Income statement. Any gain or loss on derecognition is also recognised in the Income statement.

Financial assets classified as FVTPL are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in the Income statement unless the financial asset is a derivative which is part of a hedging relationship (refer to Note 2G3) .

Financial assets classified as FVOCI are subsequently measured at fair value. Net gains and losses are recognised within Other comprehensive income.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

G FINANCIAL INSTRUMENTS *continued*

G1.2 RECOGNITION AND MEASUREMENT *continued*

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when either the rights to receive cash flows from the asset have expired, or there is no reasonable expectation of recovering all, or a portion of, the contractual cash flows.

G2 FINANCIAL LIABILITIES

G2.1 CLASSIFICATION

Financial liabilities are classified as measured at FVTPL or amortised cost. A financial liability is classified as FVTPL if it is classified as held-for-trading, a derivative or otherwise designated as such on initial recognition.

G2.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

(b) Subsequent measurement and gains and losses

Financial liabilities classified as FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Income statement.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are 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 charge is included as Finance costs in the Income statement.

(c) Derecognition

The Company derecognises a financial liability when the obligation under that liability is discharged, 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, the original liability is derecognised and a new liability recognised. The difference in their respective carrying amounts is recognised in the Income statement.

G2.3 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company offsets a financial asset and a financial liability, and reports the net amount, only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

G3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

G3.1 DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, such as forward foreign currency contracts, to hedge its foreign currency risks. Derivatives are carried as financial assets and financial liabilities when their fair values are positive and negative respectively.

The gain or loss on remeasurement to fair value is recognised immediately in the Income statement unless the derivative is subject to hedge accounting. Where the derivative is subject to hedge accounting, the recognition of any gain or loss depends on the nature of hedge accounting applied (refer to Note 2G3.2).

At the inception of a hedge relationship, the Company formally designates and documents the relationship to which it wishes to apply hedge accounting, the risk management objective, and strategy for undertaking the hedge.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

G FINANCIAL INSTRUMENTS *continued*

G3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING *continued*

G3.1 DERIVATIVE FINANCIAL INSTRUMENTS *continued*

The hedge documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is 'an economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- the hedge ratio of the relationship is the same as that resulting from the quantity of the hedged item and the quantity of the hedging instrument that the Company uses to hedge that quantity of the hedged item.

The accounting for cash flow hedges is set out at Note 2G3.2.

In the Statement of cash flows the Company includes cash flows arising from hedging instruments as arising from the same category of activity as cash flows arising from the hedged item.

G3.2 CASH FLOW HEDGES

The Company designates all of the forward contracts (both the spot and forward elements) as the hedging instrument.

The portion of gain or loss of the hedging instrument determined to be an effective hedge is recognised directly in equity and forms part of the hedge reserve. The ineffective portion of the change in fair value of the hedging instruments is recognised in the Income statement within Procurements for hedges of underlying operations. If the cash flow hedge relates to an underlying transaction which results in the recognition of a non-financial asset, the associated gains or losses on the derivative (previously recognised in equity) are recognised in the initial measurement of the asset arising from the hedged transaction. For hedges that relate to an underlying transaction which results in the recognition of a financial asset or a liability, amounts deferred in equity are recognised in the Income statement in the same period in which the hedged item affects it.

The Company discontinues hedge accounting when the hedge instrument expires or is sold, terminated or exercised, or when the hedge relationship no longer qualifies for hedge accounting. In the case of cash flow hedging, any gain or loss that has been recognised in equity remains there until the forecast transaction occurs. If the transaction is no longer expected to occur, the gain and loss previously deferred in equity is recognised in the Income statement.

G4 VALUATION OF FINANCIAL INSTRUMENTS

In those circumstances where IFRS 9 requires financial instruments to be recognised in the Statement of financial position at fair value, the Company's valuation strategies for derivative and other financial instruments utilise, as far as possible, quoted prices in an active trading market.

In the absence of quoted prices for identical or similar assets or liabilities, it is sometimes necessary to apply valuation techniques where contracts are marked using approved models. Models are used for developing both the forward curves and the valuation metrics of the instruments themselves where they are complex combinations of standard and non-standard products. All models are subject to rigorous testing prior to being approved for valuation, and subsequent continuous testing and approval procedures are designed to ensure the validity and accuracy of the model assumptions and inputs.

H INVENTORIES

The Company classifies its transmission assets as inventory as they are held for sale in the ordinary course of business. Following completion the inventory will be sold to the relevant transmission owner. Inventories are valued at the lower of cost and net realisable value. Cost includes all directly attributable costs incurred in bringing the inventories to their present location and condition.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

I DECOMMISSIONING COSTS

Provision is made, on a discounted basis, for the estimated decommissioning costs of certain non-current assets. Capitalised decommissioning costs are depreciated over the useful lives of the related assets. The unwinding of the discount is included within Finance costs in the Income statement. The future estimated costs are based on the value of the costs at the reporting date, uplifted for inflation to the end of the useful economic life of the underlying asset, then discounted.

Decommissioning costs are subject to a degree of uncertainty as they are estimated at the reporting date and actual decommissioning will take place in the future. There is also uncertainty over when the actual decommissioning costs will be incurred. The sources of estimation uncertainty relate to the estimated value of the costs at the reporting date and the discount rate. Sensitivity disclosures are set out in Note 11.

J FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the spot rate at the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date, with exchange gains and losses recognised in Finance income and costs in the Income statement.

K TAXATION

Assets and liabilities for current tax are calculated using the tax rates that have been enacted, or substantively enacted, at the reporting 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 Statement of financial position 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 expected to be settled, or the asset realised based on tax rates and laws enacted, or substantively enacted, at the reporting date. Deferred tax is charged to 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.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or shown in the Statement of comprehensive income.

3 INTANGIBLE ASSETS

Movements in intangible assets

	Computer software £m
Year ended 31 December 2021	
Cost:	
At 1 January 2021	-
Additions	7.7
At 31 December 2021	7.7
Amortisation:	
At 1 January 2021	-
Amortisation for the year	0.5
At 31 December 2021	0.5
Net book value:	
At 31 December 2021	7.2
At 1 January 2021	-

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in property, plant and equipment

		Wind power plants in use £m	Distribution facilities in use £m	Plant in the course of construction £m	Total £m
Year ended 31 December 2021	Notes				
Cost:					
At 1 January 2021		1,762.0	97.0	-	1,859.0
Additions	(i),(ii),(iii)	(5.5)	-	24.9	19.4
Transfers from plant in the course of construction to plant in use		27.5	(2.6)	(24.9)	-
At 31 December 2021		1,784.0	94.4	-	1,878.4
Depreciation:					
At 1 January 2021		63.8	3.8	-	67.6
Depreciation for the year		76.0	4.1	-	80.1
At 31 December 2021		139.8	7.9	-	147.7
Net book value:					
At 31 December 2021		1,644.2	86.5	-	1,730.7
At 1 January 2021		1,698.2	93.2	-	1,791.4

(i) No interest on the funding attributable to major capital projects was capitalised during the year (2020 interest was capitalised at rates between 1.88% and 3.95%).

(ii) Additions of £nil (2020 £11.9 million) were purchased from related parties, as shown in Note 22.

(iii) Additions to Wind power plants in use in the year represent downwards adjustments to capitalised decommissioning costs.

(iv) Included within the cost of property, plant and equipment is capitalised interest of £19.4 million (2020 £19.4 million).

(b) Capital commitments

The Company had £10.9 million of capital commitments at 31 December 2021 (2020 £12.8 million) expected to be settled within one year, in both the current and prior year.

5 LEASING

5A LESSEE

The Company's principal leases relate to land and buildings. Information about the principal leases for which the Company is a lessee is presented below.

(a) Nature of leases

Land

The Company holds agreements to lease land (including seabed), primarily for the operation of a wind farm, with typical lease terms running up to 28 years. The majority of leases can be terminated by the Company giving one day's notice; however for certain agreements notice can only be served at specific points in the contract.

Buildings

The Company leases a building for its office space. The lease has a term of ten years and can be terminated by the Company giving five years' notice.

Other equipment

The Company leases operating plant and equipment, with lease terms of up to five years. The leases have rights to terminate by giving notice of generally up to three months. Certain plant and equipment leases are considered short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Variable lease payments

Some land leases contain variable lease payments that are based on the output of the wind farm. These payment terms are common for this type of lease. The fixed annual payments for the year were £0.8 million compared to variable payments of £8.2 million. The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

5 LEASING *continued*

5A LESSEE *continued*

(a) Nature of leases *continued*

Other information

The Company has not committed to any leases that have not yet commenced. The Company has no contracts containing residual value guarantee, no leases subject to significant restrictions or covenants and no sale and leaseback transactions.

(b) Right-of-use assets

Year ended 31 December 2020	Note	Land £m	Buildings £m	Other £m	Total £m
Cost:					
At 1 January 2020		36.7	1.4	-	38.1
Additions		-	-	0.2	0.2
Adjustments for changes in liabilities	(i)	34.5	-	-	34.5
At 31 December 2020		71.2	1.4	0.2	72.8
Depreciation:					
At 1 January 2020		1.2	0.5	-	1.7
Charge for the year		1.8	0.5	-	2.3
At 31 December 2020		3.0	1.0	-	4.0
Net book value:					
At 31 December 2020		68.2	0.4	0.2	68.8
At 1 January 2020		35.5	0.9	-	36.4

Year ended 31 December 2021	Note	Land £m	Buildings £m	Other £m	Total £m
Cost:					
At 1 January 2021		71.2	1.4	0.2	72.8
Additions		0.5	-	-	0.5
Adjustments for changes in liabilities	(i)	0.8	-	0.1	0.9
At 31 December 2021		72.5	1.4	0.3	74.2
Depreciation:					
At 1 January 2021		3.0	1.0	-	4.0
Charge for the year		3.1	0.3	0.1	3.5
At 31 December 2021		6.1	1.3	0.1	7.5
Net book value:					
At 31 December 2021		66.4	0.1	0.2	66.7
At 1 January 2021		68.2	0.4	0.2	68.8

- (i) Adjustments for changes in liabilities are movements in the right-of-use asset resulting from remeasurement of the associated lease liability to reflect changes to the lease payments due to any reassessment or lease modifications.
- (ii) There are no right-of-use assets measured at revalued amounts.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

5 LEASING *continued*

5A LESSEE *continued*

(c) Lease liabilities

The following table sets out a maturity analysis of non-derivative lease liabilities, showing the undiscounted payments to be made after the reporting date.

	2021 £m	2020 £m
Less than one year	6.5	1.3
One to five years	24.8	23.9
More than five years	69.5	74.6
Total undiscounted lease liabilities at 31 December	100.8	99.8
Finance cost	(24.6)	(26.8)
Total discounted lease liabilities	76.2	73.0
Analysis of total lease liabilities		
Non-current	71.1	72.0
Current	5.1	1.0
Total	76.2	73.0

Details of the Company's risk management strategy for liquidity risks inherent in the Company's lease liability are described in the most recent Annual Report and Accounts of SPL.

(d) Amounts recognised in the Income statement

	Note	2021 £m	2020 £m
Interest on lease liabilities		(2.6)	(1.4)
Variable lease payments not included in the measurement of lease liabilities		(8.2)	(6.6)
Expenses relating to short-term leases	(i)	(0.6)	(0.4)

(i) This charge relates to leases for plant and equipment which are considered short-term. Future commitments relating to the portfolio of short-term leases are expected to be similar to the expense charged in the year.

(e) Amounts recognised in the Statement of cash flows

	2021 £m	2020 £m
Payments of lease liabilities	(0.5)	(1.5)
Interest paid on lease liabilities	(0.3)	(0.3)
Payments for variable lease components	(8.2)	(6.6)
Payments for short-term leases	(0.3)	(0.4)
Total cash outflow for leases	(9.3)	(8.8)

6 TRADE AND OTHER RECEIVABLES

	Note	2021 £m	2020 £m
Current receivables:			
Receivables due from Iberdrola Group companies - trade		79.2	14.3
Trade receivables and accrued income		0.5	20.9
Prepayments		5.5	2.7
Other tax receivables		6.4	9.4
	(a)	91.6	47.3
Non-current receivables:			
Prepayments		5.5	7.1

(a) Trade and other receivables includes £77.7 million (2020 £13.7 million) of IFRS 15 receivables.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

7 INVENTORIES

	2021	2020
	£m	£m
Other inventories	722.7	724.4

Other inventories represents transmission assets which will be sold to the relevant transmission owner following completion.

8 FINANCIAL INSTRUMENTS

The Company holds certain financial instruments which are measured in the Statement of financial position at fair value as detailed below.

	Derivative financial instruments £m
At 1 January 2020	0.6
Recorded in cash flow hedge reserve	-
At 1 January 2021	0.6
Recorded in cash flow hedge reserve	(0.8)
At 31 December 2021	(0.2)

The Company's derivatives comprise forward foreign exchange contracts. The Company uses foreign currency forwards in relation to asset purchases and service contracts. For such items the Company designates the entire value of the foreign currency forward in the hedge relationship.

The table below illustrates the timing of the notional amount of the hedging instrument and the average forward price of the hedging instrument.

	Notional amount of hedging instrument (maturity profile)		
	£million		
At 31 December 2021	1 year	2 years	Total
USD	4.2	7.5	11.7
DKK	0.9	1.6	2.5
	5.1	9.1	14.2

	Average forward price (exchange rate)	
	1 year	2 years
At 31 December 2021		
USD (GBP:USD)	1.32	1.32
DKK (GBP:DKK)	8.60	8.46

9 SHARE CAPITAL

	2021	2020
	£m	£m
Allotted, called up and fully paid shares:		
8,769,000,010,000 (2020 8,769,000,010,000) ordinary shares of £0.0001 each	876.9	876.9

Holders of these ordinary shares are 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 every member entitled to one vote on a show of hands and on a poll one vote for every share held.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

10 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share capital £m	Hedge reserve (Note (a)) £m	Other reserves (Note (b)) £m	Retained earnings (Note (c)) £m	Total £m
At 1 January 2020	432.8	20.9	6.4	1,362.0	1,822.1
Profit for the year attributable to equity holders of the Company	-	-	-	144.8	144.8
Share capital issued (Note (d))	444.1	-	-	-	444.1
Changes in the value of cash flow hedges	-	(19.0)	-	-	(19.0)
Tax on items relating to cash flow hedges	-	3.2	-	-	3.2
At 1 January 2021	876.9	5.1	6.4	1,506.8	2,395.2
Profit for the year attributable to equity holders of the Company	-	-	-	142.6	142.6
Changes in the value of cash flow hedges	-	(3.2)	-	-	(3.2)
Tax relating to cash flow hedges	-	0.6	-	-	0.6
Dividends	-	-	-	(139.6)	(139.6)
At 31 December 2021	876.9	2.5	6.4	1,509.8	2,395.6

- (a) The hedge reserve represents the balance of gains and losses on cash flow hedges (net of taxation) not yet transferred to income or the carrying amount of a non-financial asset.
- (b) Other reserves comprise a capital contribution reserve of £6.4 million.
- (c) Retained earnings comprise the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders, principally dividends.
- (d) Between 1 January 2020 and 31 December 2020, the Company issued a total of 4,441,000,000 ordinary shares of £0.0001.

11 PROVISIONS

		At 1 January 2020 £m	New provisions £m	Unwinding of discount £m	At 31 December 2020 £m
Year ended 31 December 2020	Note				
Decommissioning	(a)	36.0	89.9	0.8	126.7
Other		0.2	-	-	0.2
		36.2	89.9	0.8	126.9

		At 1 January 2021 £m	New provisions £m	Unwinding of discount £m	Released during year £m	At 31 December 2021 £m
Year ended 31 December 2021	Note					
Decommissioning	(a)	126.7	(4.6)	1.0	-	123.1
Other		0.2	-	-	(0.2)	-
		126.9	(4.6)	1.0	(0.2)	123.1

Analysis of total provisions	2021 £m	2020 £m
Non-current	123.1	126.7
Current	-	0.2
	123.1	126.9

- (a) The provision for decommissioning costs is the discounted future estimated costs of decommissioning the Company's wind farm. The entire provision is expected to be utilised between 2043 and 2044. New provisions movements in the year represent downwards adjustments due to reassessment of future estimated costs. Had the estimated value of the costs at the balance sheet date been 10.0% higher or lower, this would have resulted in the decommissioning provision being £12.3 million higher and lower respectively. Had the discount rate been 0.25% higher or lower, this would have resulted in the decommissioning provision being £7.0 million lower and higher respectively.

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

12 DEFERRED TAX

Deferred tax provided in the Accounts is as follows:

	Notes	Property, plant and equipment £m	Derivative financial instruments £m	Other temporary differences £m	Total £m
At 1 January 2020		18.4	4.4	(5.8)	17.0
Charge/(credit) to the Income statement	(a)	66.8	-	(11.7)	55.1
Recorded in the Statement of comprehensive income	(a)	-	(3.2)	-	(3.2)
At 1 January 2021		85.2	1.2	(17.5)	68.9
Charge/(credit) to the Income statement	(b)	84.7	-	(18.5)	66.2
Recorded in the Statement of comprehensive income	(b)	-	(0.6)	-	(0.6)
At 31 December 2021		169.9	0.6	(36.0)	134.5

- (a) Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% as from 1 April 2020. Accordingly, the deferred tax balances as at 1 January 2020 were measured at the 17% rate, this being the tax rate enacted at that time, and the rate temporary differences were expected to reverse at. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 that maintained the 19% UK corporation tax rate. The 19% rate applied from 1 April 2020. This rate change increased the 31 December 2020 deferred tax liability by £2.5 million.
- (b) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation Tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 1 January 2021 have been increased by £20.1 million to reflect the rate that the temporary differences are expected to reverse at.

13 TRADE AND OTHER PAYABLES

	Note	2021 £m	2020 £m
Current trade and other payables:			
Payables due to Iberdrola Group companies - trade		2.1	2.5
Trade payables		43.4	13.7
Capital payables and accruals		18.1	86.9
	(a)	63.6	103.1

- (a) During 2020, the Company operated a number of supplier financing arrangements under which certain suppliers could obtain accelerated settlement on invoices from the banking provider. These arrangements were a form of reverse factoring which the Company believes offered a benefit to its suppliers by giving them early access to funding. The supplier financing program allowed participating suppliers the ability to voluntarily elect to sell the Company's payment obligations to a designated third-party financial institution. The Company's obligations to its suppliers, including amounts due and scheduled payment terms, were not impacted by suppliers' decisions to sell amounts under these arrangements.

During 2020, the Company agreed the extension of payment terms with some suppliers, which the Company deemed to be commercially reasonable and within the legal payment terms required. The payment period for those suppliers was extended to an average of 103 days. These suppliers could have elected to be paid by a financial institution earlier than maturity under supplier financing arrangements.

The supplier financing arrangements were reviewed to determine the appropriate accounting treatment. For the supplier financing arrangements in place as at 31 December 2020, management determined that the original liabilities to which the arrangements applied had not been extinguished or substantially modified on entering into the arrangements. Therefore, the balances continued to be classed as Trade and other payables on the Statement of financial position, and the associated cash flows were included in Cash flows from operating activities. At 31 December 2020, the amount of Trade and other payables under supplier financing arrangements was £20.9 million, all of which was within Capital payables and accruals

No such arrangements were in place at 31 December 2021.

14 TAXES OTHER THAN INCOME TAX

	2021 £m	2020 £m
Property taxes	2.5	0.6

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

15 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS

	2021 £m	2020 £m
Property, plant and equipment depreciation charge	80.1	63.7
Right-of-use asset depreciation charge	3.5	2.3
Intangible asset amortisation charge	0.5	-
	84.1	66.0
Capitalised right-of-use asset depreciation	(0.3)	(1.7)
	83.8	64.3

16 FINANCE INCOME

	2021 £m	2020 £m
Interest on bank and other deposits	-	0.2
Foreign exchange gains	0.1	-
	0.1	0.2

17 FINANCE COSTS

	2021 £m	2020 £m
Unwinding of discount on provisions	1.0	0.8
Interest on lease liabilities	2.6	1.4
Foreign exchange losses	-	0.1
Fair value and other losses on financing derivatives	-	0.1
	3.6	2.4
Capitalised interest	-	(0.9)
	3.6	1.5

18 INCOME TAX

	2021 £m	2020 £m
Current tax:		
UK Corporation Tax charge on profits for the year	-	(13.2)
Adjustments in respect of prior years	13.3	(3.6)
Current tax for the year	13.3	(16.8)
Deferred tax:		
Origination and reversal of temporary differences	43.5	49.6
Adjustments in respect of prior years	(13.8)	3.3
Impact of tax rate change on opening deferred tax balance	20.1	2.2
Impact of tax rate change on current year charge	16.4	-
Deferred tax for the year	66.2	55.1
Income tax expense for the year	79.5	38.3

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
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18 INCOME TAX *continued*

The tax charge on profit on ordinary activities for the year varied from the standard rate of UK Corporation Tax applicable to the Company as follows:

	2021 £m	2020 £m
Corporation Tax at 19% (2020 19%)	42.2	34.8
Adjustments in respect of prior years	(0.5)	(0.3)
Impact of tax rate change on opening deferred tax balance	20.1	2.2
Impact of tax rate change on current year charge	16.4	-
Other permanent differences	1.3	1.6
Income tax expense for the year	79.5	38.3

Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% as from 1 April 2020. Accordingly deferred tax balances were measured at the 17% rate, this being the tax rate enacted at the reporting date of 31 December 2019, and the rate temporary differences were expected to reverse. Further legislation was 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 applied from 1 April 2020. This rate increased the deferred tax liability at 31 December 2020 by £2.2 million.

Legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax liabilities at 1 January 2021 have been increased by £20.1 million to reflect the rate the temporary differences are expected to reverse at.

19 EMPLOYEE INFORMATION

The Company has no employees (2020 none). Details of directors' remuneration are set out in Note 23(b).

20 DIVIDENDS

	2021 pence per ordinary share	2020 pence per ordinary share	2021 £m	2020 £m
Interim dividend paid	0.001592	-	139.6	-

21 CONTINGENT LIABILITIES

The Company's exemption from the legislative requirement to hold a transmission licence under the Electricity Act 1989 ("the legislative requirement") expired on 13 December 2021 ("the Exemption Date"). Following due consideration of relevant legal, contractual and regulatory implications and as a result of positive engagement with, and assurances from, the Department for Business Energy and Industrial Strategy ("BEIS") and Ofgem, the project continued to generate and transmit electricity beyond that date. On 10 June 2022, the Company was granted an exemption from the legislative requirement from 10 June 2022 until 13 April 2023. Based on the information available at the reporting date, or at the date of signing, there are no contingent liabilities arising from these events.

22 FINANCIAL COMMITMENTS

	2021						Total
	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2027 and thereafter £m	
Contractual commitments	27.2	18.1	18.0	24.5	26.0	90.5	204.3

	2020						Total
	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 and thereafter £m	
Contractual commitments	27.9	19.3	19.3	19.3	3.6	-	89.4

EAST ANGLIA ONE LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

23 RELATED PARTY TRANSACTIONS

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

	2021				2020			
	UK parent (SPL) £m	Immediate parent (SPRUKL) £m	Other Iberdrola Group companies £m	BOHL £m	UK parent (SPL) £m	Immediate parent (SPRUKL) £m	Other Iberdrola Group companies £m	
Types of transaction								
Sales and rendering of services	-	-	315.8	-	-	-	74.3	
Purchases and receipt of services	-	(9.5)	(0.4)	-	-	(3.0)	(0.4)	
Purchases of property, plant and equipment	-	-	-	-	-	(10.7)	(1.2)	
Net losses on financing derivatives	-	-	-	-	(0.1)	-	-	
Changes in the value of cash flow hedge reserve	(3.2)	-	-	-	(19.0)	-	-	
Dividends paid	-	(83.8)	-	(55.8)	-	-	-	
Balances outstanding								
Trade and other receivables	1.4	0.1	77.7	-	0.6	-	13.7	
Derivative financial assets	-	-	-	-	0.7	-	-	
Trade and other payables	(1.1)	(0.7)	(0.3)	-	-	(2.5)	-	
Derivative financial liabilities	(0.2)	-	-	-	(0.1)	-	-	

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

(ii) At 31 December 2021, the Company had no outstanding lease liabilities (2020 less than £0.1 million) with SPRUKL.

(iii) The Company has no transactions with other related parties.

(b) Directors' remuneration

The total remuneration of the directors that provided qualifying services to the Company is shown overleaf. 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. The three directors (2020 three) who performed qualifying services for the Company were remunerated by other companies within Renewables. Four (2020 three) other directors did not perform any qualifying services for the Company, therefore their emoluments are nil (2020 nil).

	2021 £000	2020 £000
Aggregate remuneration in respect of qualifying services	1,110	1,019
Aggregate contributions payable to a defined contribution pension scheme	24	31
Number of directors who exercised share options	3	3
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	2	2
Number of directors accruing retirement benefits under a defined contribution scheme	1	1

	2021 £000	2020 £000
Highest paid director		
Aggregate remuneration	441	477

(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.

(c) 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.

SPRUKL owns 60% of the Company's share capital with the remaining 40% being owned by BOHL. The directors regard Iberdrola, S.A. (incorporated in Spain) 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 Scottish Power UK plc, at its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

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NOTES TO THE ACCOUNTS *continued*
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24 AUDITOR'S REMUNERATION

	2021	2020
	£000	£000
Audit of the Company's annual accounts	27	27