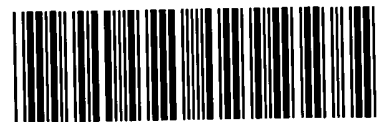


E.ON CLIMATE & RENEWABLES UK LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the Year Ended 31 December 2016

Registered No: 03758404

THURSDAY



A6B3D8PC

A13

20/07/2017

#27

COMPANIES HOUSE

E.ON CLIMATE & RENEWABLES UK LIMITED
STRATEGIC REPORT
for the Year Ended 31 December 2016

The directors present their strategic report of the Company for the year ended 31 December 2016.

Fair review of the business

Both the level of business during the year and the financial position of the Company at the year end were as expected. The Company will continue to provide additional equity funding to Rampion Offshore Wind Limited ("Rampion"), which is developing and constructing the Rampion Offshore Wind Farm, a 400MW capacity wind farm situated off the Sussex coast, during the current year.

During 2016, the Company provided additional equity funding to Rampion and increased its investment by a further £189,220,000 representing 50.1% of the total new 377,686,000 ordinary shares of £1 each issued by Rampion.

On 12 December 2016, the Company received interim dividends from certain of its subsidiaries totalling £112,933,000. On the same date and after receipt of the interim dividends, the directors of the Company recommended and paid an interim dividend to its immediate parent, E.ON UK plc, of £110,000,000.

At 31 December 2016, the Company had net assets of £41,215,000 (2015: net assets of £52,798,000). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the E.ON SE consolidated group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of E.ON SE, which include those of the Renewables division of E.ON SE, which includes the Company, are discussed within the financial review section of the group's annual report which does not form part of this report.

Key performance indicators ('KPIs')

The Board of Management of E.ON SE manages the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Renewables division of E.ON SE, which includes the Company, are discussed within the group's annual report which does not form part of this report. The directors do not believe there are any further relevant KPIs that are not already disclosed within these financial statements.

Approved by the Board of Directors on 14 July 2017 and signed on its behalf by:



A J Chatterton
Director

E.ON Climate & Renewables UK Limited
Company No: 03758404
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

E.ON CLIMATE & RENEWABLES UK LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Directors of the Company

The directors who were in office during the year and up to the date of signing these financial statements were:

A J Chatterton
A K Delahunty
M J Swanwick (appointed 29 June 2016)
M J Britton (resigned 29 June 2016)
D S Shaw (resigned 1 March 2017)
T J Bell (appointed 1 March 2017)
T S Moritz (appointed 1 March 2017)

Principal activity

The Company's principal activity during the year and at the year end was that of an investment company for E.ON UK plc's renewables business.

Financial risk management

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE's group finance guidelines that set out the principles and framework for managing group-wide finances. The Company also utilises the E.ON UK plc operational treasury team which services the treasury requirements of the business. Further information on the E.ON SE group's policies and procedures is available in the financial statements of the E.ON SE group.

E.ON SE's central financing strategy

The operational treasury team employs a continuous forecasting and monitoring process to ensure that the Company complies with all its banking and other covenants that apply to the financing of its business. A group-wide cash forecasting and currency exposure reporting process exists which ensures regular reporting into the UK treasury team. Information is submitted to E.ON SE for incorporation into E.ON SE group forecasting processes on a weekly and quarterly basis.

Price risk, credit risk, liquidity risk and cash flow risk

Foreign exchange risk management

The Company operates within the framework of E.ON SE's guidelines for foreign exchange risk management. The Company's policy is to hedge all contractually committed operational exposures, as soon as the commitment arises. The Company will also partly hedge less certain cash flows when appropriate. The Company determines the hedging of translation exposures (the value of foreign currency liabilities and assets in the balance sheet) on a case by case basis in consultation with the E.ON UK plc treasury team.

Interest rate risk management

The Company has a number of funding arrangements and is exposed to movements in interest rates. These interest rate exposures are managed primarily through the use of floating rate borrowings.

Credit risk management

The Company is subject to the E.ON SE group finance policy which sets a credit limit for each financial institution with which the Company does a significant amount of business. In addition, other counterparty credit risk is subject to the E.ON SE group credit risk management policy supported by individual business unit policies to establish internal ratings for limit setting. Credit risk assessment involves quantitative and qualitative criteria including ratings by independent rating agencies where these are available.

Liquidity planning, trends and risks

The Company has sufficient committed borrowing facilities to meet planned liquidity needs with headroom, through facilities provided by E.ON UK plc.

E.ON CLIMATE & RENEWABLES UK LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2016 (continued)

Results and dividends

The Company's profit for the financial year is £98,417,000 (2015: profit of £232,602,000).

On 9 December 2016, the directors declared and subsequently paid an interim dividend for the year ended 31 December 2016 of £110,000,000 of £7.62 per share (2015: £130,000,000). The directors do not recommend the payment of a final dividend (2015: £nil).

Political donations

No political donations were made during the year (2015: £nil).

Directors' indemnities

The Company maintains liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

Post balance sheet events

During 2017, the Company has provided additional equity funding to Rampion and subscribed for a further 144,807,036 ordinary shares of £1 each, with the Company holding 50.1% of the total shares issued by Rampion.

Going concern

Notwithstanding the fact that the Company has net current liabilities but overall net assets, the directors believe that it is probable that funding will continue to be provided by other group companies and hence the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the approval of these financial statements.

Disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and these Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared these financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve these 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**E.ON CLIMATE & RENEWABLES UK LIMITED
DIRECTORS' REPORT
for the Year Ended 31 December 2016 (continued)**

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 these financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors on 14 July 2017 and signed on its behalf by:



A J Chatterton
Director

E.ON Climate & Renewables UK Limited
Company No: 03758404
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of E.ON CLIMATE & RENEWABLES UK LIMITED (continued)

Report on the financial statements

Our opinion

In our opinion, E.ON Climate & Renewables UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the Members of
E.ON CLIMATE & RENEWABLES UK LIMITED (continued)**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Simon Evans

Simon Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date 14 July 2017

E.ON CLIMATE & RENEWABLES UK LIMITED
PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	19,688	19,024
Administrative expenses		(31,688)	(27,764)
Other operating income		219	22
Operating loss	3	(11,781)	(8,718)
Interest payable and similar charges	7	(7,220)	(4,212)
Income from shares in group undertakings	8	112,933	213,600
Profit on disposal of investments	8	383	29,601
Profit on ordinary activities before taxation		94,315	230,271
Tax on profit on ordinary activities	9	4,102	2,331
Profit for the financial year		98,417	232,602

As the Company has no other comprehensive income for the year, a separate statement of comprehensive income has not been presented.

The notes on pages 10 to 22 form part of these financial statements

E.ON CLIMATE & RENEWABLES UK LIMITED
BALANCE SHEET
as at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	10	335,106	145,886
Current assets			
Debtors: amounts falling due within one year	11	585,218	574,714
Creditors: amounts falling due within one year	12	(878,241)	(666,286)
Net current liabilities		(293,023)	(91,572)
Total assets less current liabilities		42,083	54,314
Provisions for liabilities	13	(868)	(1,516)
Net assets		41,215	52,798
Capital and reserves			
Called up share capital	14	14,435	14,435
Profit and loss account		26,780	38,363
Total shareholders' funds		41,215	52,798

The financial statements on pages 7 to 22 were approved by the Board of Directors on 14 July 2017 and signed on its behalf by:



A J Chatterton
Director
E.ON Climate & Renewables UK Limited
Company No: 03758404

The notes on pages 10 to 22 form part of these financial statements.

E.ON CLIMATE & RENEWABLES UK LIMITED
STATEMENT OF CHANGES IN EQUITY /
for the Year Ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2015	14,435	(64,239)	(49,804)
Profit for the financial year	-	232,602	232,602
Dividends paid	-	(130,000)	(130,000)
At 31 December 2015	14,435	38,363	52,798
Profit for the financial year	-	98,417	98,417
Dividends paid	-	(110,000)	(110,000)
At 31 December 2016	14,435	26,780	41,215

The notes on pages 10 to 22 form part of these financial statements.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016

1. Accounting policies

General information

The Company's principal activity is that of an investment company for E.ON UK plc's renewables business.

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the Company's registered office is Westwood Way, Westwood Business Park, Coventry, CV4 8LG.

Basis of preparation of financial statements

The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). These financial statements have been prepared under the going concern basis, and historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit and loss and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company has adopted disclosure exemptions in relation to the following:

- The requirements of paragraphs 10(d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information) and 134-136 (capital management disclosures) of IAS 1 Presentation of Financial Statements
- The comparative information requirements of paragraph 38 of IAS 1 Presentation of Financial Statements in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and the end of the year)
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

Exemption from preparing group financial statements

The Company is a wholly-owned subsidiary undertaking of E.ON SE, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON SE. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the reporting year. These judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in these financial statements.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

Areas of significant judgement in application of accounting policies and critical accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Taxation

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Going concern

Notwithstanding the fact that the Company has net current liabilities but overall net assets, the directors believe that it is probable that funding will continue to be provided by other group companies and hence the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the approval of these financial statements.

Turnover

Turnover comprises revenue from the charging out of service fees and the recharging of costs to certain subsidiaries and other associated companies. Turnover excludes value added tax. The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

Fixed asset investments

Fixed asset investments are stated at original cost plus subsequent loans advanced or amounts. Provision is made for any impairment in the value of investments.

Foreign currency

These financial statements are presented in Great British Pounds ("GBP") which is the Company's functional currency. All financial information is presented in GBP and has been rounded to the nearest thousand.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON SE group are consolidated at each period end into a single balance with each group company. These transactions are net settled. As a result the directors consider it appropriate to present inter-company balances within these financial statements on a net basis. Formal loan balances are settled and presented gross.

Current and deferred income tax

The tax credit for the year comprises current tax and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The income tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in respect of the relevant years, in the countries where the Company operates and generates taxable income.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account evenly over the term of the lease.

Financial instruments

Loans and receivables (including trade receivables) are primarily financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables are reported on the balance sheet under "Debtors: amounts falling due within one year." Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Valuation allowances are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss.

Financial liabilities (including trade payables and borrowings) are measured at amortised cost, using the effective interest method. Initial measurement takes place at fair value net of transaction costs incurred. In subsequent periods, the amortisation and accretion of any premium or discount is included in finance costs/income.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The Company contributes to a defined contribution pension scheme, and also a defined benefit group pension scheme operated by E.ON UK plc, the assets of which are invested in a separate trustee-administered fund. Further details of these schemes are available in E.ON UK plc's financial statements.

Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the financial statements in the year in which the dividends are paid.

2. Turnover

The Company's turnover, all of which arises in the course of the Company's principal activity, arises in the UK.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

3. Operating loss

Operating loss is stated after charging/(crediting):

	2016 £000	2015 £000
Operating lease	86	105
Foreign currency gains	(190)	(22)
Derivative (gains)/losses	(30)	-
Auditors' remuneration	299	238
	<u>299</u>	<u>238</u>

4. Auditors' remuneration

Auditors' remuneration represents the audit fee for the Renewables division of E.ON UK plc which is borne by the Company and not recharged to other subsidiaries. The portion of this fee relating to the Company is £20,000 (2015: £19,000).

5. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2016 Number	2015 Number
Production	89	96
Administration	33	33
Other departments	60	43
	<u>182</u>	<u>172</u>

The aggregate payroll costs recharged were as follows:

	2016 £000	2015 £000
Wages and salaries	12,822	11,990
Social security costs	1,538	1,377
Other pension costs	3,319	4,203
	<u>17,679</u>	<u>17,570</u>
Less: recharge to fellow subsidiaries of E.ON UK plc	(173)	(678)
	<u>17,506</u>	<u>16,892</u>

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

6. Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Aggregate emoluments (including benefits in kind)	608,327	565,670

The above amounts relate to five directors (2015: five) who were remunerated by the Company. Certain directors spent part of their management time on other companies within the E.ON SE group. As a result, £381,003 (2015: £478,295) of the above costs were recharged by the Company.

During the year, the number of directors who were receiving benefits and share incentives was as follows:

	2016	2015
Received or were entitled to receive shares under long term incentive schemes	2	1
Accruing benefits under a defined benefit pension scheme	5	5

During the year, one director (2015: one) exercised Performance Rights over shares in the ultimate parent company, E.ON SE, that they were awarded for services to the E.ON SE group under long term incentive (LTI) arrangements. The total payment under the LTI was £6,817 (2015: £5,624).

During the year the Company did not pay, or treat as paid, any contributions to a pension scheme in respect of money purchase benefits in respect of the above directors (2015: £nil).

In respect of the highest paid director:

	2016 £	2015 £
Aggregate emoluments	210,649	196,613
Defined benefit accrued pension entitlement at the year end	45,071	41,663

During the year, the highest paid director shared their management time between the Company and other companies within the E.ON SE group. As a result, £210,649 (2015: £196,613) was recharged by the Company based on the proportion of time that the director spent on the Company's business.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

7. Interest payable and similar charges

	2016 £000	2015 £000
Interest payable to group undertakings	7,184	4,212
Interest - provision unwind (note 13)	36	-
	<u>7,220</u>	<u>4,212</u>

8. Investment income

On 12 December 2016, the Company received interim dividends from certain of its subsidiaries totalling £112,933,000 (2015: £213,600,000).

During 2016, the Company reduced its provision for future contractual obligations to third parties by £684,000 which was offset by additional legal costs incurred of £301,000 and which relate to the 2015 disposal of a minority interest in Rampion (2015: income £29,601,000).

9. Tax on profit on ordinary activities

	2016 £000	2015 £000
Current tax:		
UK corporation tax credit on profits for the year	(3,876)	(2,331)
Adjustment in respect of prior years	(223)	-
Total current tax credit	(4,099)	(2,331)
Deferred tax:		
Origination and reversal of timing differences	80	21
Deferred tax asset not recognised on timing differences	-	(25)
Adjustment in respect of prior years	(50)	-
Release of deferred tax not recognised	(38)	-
Impact of change in tax rates	5	4
Total deferred tax (credit)/charge	(3)	-
Tax credit on profit on ordinary activities	(4,102)	(2,331)

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

Factors affecting tax credit for the year

The tax credit for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before taxation	94,315	230,271
Tax charge on profit on ordinary activities before taxation at 20.00% (2015: 20.25%)	18,863	46,623
<i>Effects of:</i>		
Impact changes in tax rates	-	3
Release of deferred tax not recognised	(38)	-
Deferred tax not recognised	-	(25)
Income not subject to tax	(22,654)	(48,932)
Adjustment in respect of prior years - deferred tax	(50)	-
Adjustment in respect of prior years - current tax	(223)	-
Tax credit for the year	(4,102)	(2,331)

A reduction to the UK corporation tax rate was included in the Finance Act (No. 2) 2015, which reduced the main rate to 19% from 1 April 2017. A further reduction in the UK corporation tax rate was included in the Finance Act 2016 to reduce the rate to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date and the impact of these changes have been included in these financial statements.

The corporation tax receivable has been reduced by £4,099,000 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2015: receipt of £2,331,000). Accordingly, no 2016 tax losses are available for carry forward to future tax years.

10. Investments

	2016 £000	2015 £000
Shares in group undertakings and participating interests	335,106	145,886

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

Shares in group undertakings and participating interests

	Subsidiary undertakings £000	Joint ventures and associates £000	Total £000
Cost or valuation			
At 1 January 2016	147,634	50	147,684
Additions	189,220	-	189,220
At 31 December 2016	336,854	50	336,904
Provision for impairment			
At 1 January 2016	1,748	50	1,798
At 31 December 2016	1,748	50	1,798
Net book value			
At 31 December 2016	335,106	-	335,106
At 31 December 2015	145,886	-	145,886

Other investments

	Unlisted investments £000
Cost or valuation	
At 1 January 2016 and 31 December 2016	300
Provision for impairment	
At 1 January 2016 and 31 December 2016	300
Net book value	
At 31 December 2016	-
At 31 December 2015	-

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

Details of undertakings

Details of the investments which the Company holds are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal Activity
<i>Direct investments:</i>			
E.ON Climate & Renewables UK Biomass Limited	Ordinary £1 shares	100%	Operation of biomass energy projects
E.ON Climate & Renewables UK Blyth Limited	Ordinary £0.0002 shares	100%	Offshore windfarm owner
E.ON Climate & Renewables UK Developments Limited	Ordinary £1 shares	100%	Windfarm development and operation
E.ON Climate & Renewables UK Humber Wind Limited	Ordinary A and B £1 shares	100%	Offshore windfarm operation
E.ON Climate & Renewables UK London Array Limited	Ordinary £1 shares	100%	Offshore windfarm operation
E.ON Climate & Renewables UK Offshore Wind Limited	Ordinary £1 shares	100%	Offshore windfarm operation
E.ON Climate & Renewables UK Operations Limited	Ordinary £1 shares	100%	Onshore windfarm operation and investment holding company
E.ON Climate & Renewables UK Robin Rigg East Limited	Ordinary £1 shares	100%	Offshore windfarm operation
E.ON Climate & Renewables UK Robin Rigg West Limited	Ordinary £1 shares	100%	Offshore windfarm operation
E.ON Climate & Renewables UK Wind Limited	Ordinary £1 shares	100%	Construction and development service provider
E.ON Climate & Renewables UK Zone Six Limited	Ordinary £1 shares	100%	Dormant
Rampion Offshore Wind Limited	Ordinary £1 shares	50.1%	Offshore windfarm construction and operation
Scarweather Sands Limited	Ordinary A £1 shares	50%	Dormant
<i>Indirect investments:</i>			
London Array Limited	Ordinary £1 shares	30%	Offshore windfarm operation
TPG Wind Limited	Ordinary B £1 shares	50%	Onshore windfarm operation
Yorkshire Windpower Limited	Ordinary A £1 shares	50%	Onshore windfarm operation

All of the undertakings disclosed above are incorporated in the United Kingdom and have a registered office address of Westwood Way, Westwood Business Park, Coventry, CV4 8LG save for London Array Limited which has a registered office of Number 22, Mount Ephraim, Tunbridge Wells, Kent, TN4 8AS.

The directors believe that the carrying value of the investments is either supported by their underlying net assets or by future expected net cash inflows.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

11. Debtors: amounts falling due within one year

	2016 £000	2015 £000
Trade receivables	771	55
Amounts owed by group undertakings	584,199	574,619
Commodity and other derivative financial instruments	30	-
Deferred tax	3	-
Other debtors	52	-
Other taxation and social security	163	-
Prepayments and accrued income	-	40
	<u>585,218</u>	<u>574,714</u>

Amounts owed by group undertakings include a deposit to E.ON UK plc of €7,796,000 (2015: €3,515,000), which is unsecured, has interest payable at LIBOR minus 5 basis points and will be used to pay a Euro supplier during 2017. All other amounts are unsecured, interest free and repayable on demand.

Deferred tax

The opening and closing deferred tax positions can be reconciled as follows:

	2016 £000
At 1 January 2016	-
Deferred tax credited to the profit and loss account	3
At 31 December 2016	<u>3</u>

Analysis of deferred tax

	2016 £000	2015 £000
Other timing differences	<u>3</u>	<u>-</u>

The Finance Act (No. 2) 2015 included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 further reduced the main rate to 17% from 1 April 2020. The deferred tax asset at 31 December 2016 has been measured accordingly.

Within the total deferred tax credit of £3,000, the amount that relates to the change in the tax rate is a £5,000 charge (2015: £nil)

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

12. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade payables	440	322
Amounts owed to group undertakings	875,851	662,555
Other taxation and social security	932	695
Accruals and deferred income	496	2,202
Other creditors	522	512
	878,241	666,286

Amounts owed to group undertakings include a loan from E.ON UK plc of £493,116,000 (2015: £326,110,000), which is unsecured, has interest payable at LIBOR plus 50 basis points, is repayable on demand and is a drawdown from a facility of £658,000,000. All other amounts are unsecured, interest free and repayable on demand.

13. Provisions for liabilities

	Other provisions £000
At 1 January 2016	1,516
Debited to the profit and loss account	(684)
Accretion of discount	36
	868
At 31 December 2016	868

The Company has recognised a provision in respect of certain future contractual obligations to third parties of £868,000 (2015: £1,516,000), which are due to be settled during 2042.

14. Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
14,434,850 (2015: 14,434,850) ordinary shares of £1 each	14,435	14,435
	14,435	14,435

15. Dividends

	2016 £000	2015 £000
Dividends paid		
Interim dividend paid: £7.62 (2015: £9.01) per ordinary share	110,000	130,000
	110,000	130,000

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

16. Pension schemes

The Company participates in a funded group pension scheme operated by E.ON UK plc, which is part of an industry wide scheme, the Electricity Supply Pension Scheme. The pension scheme is primarily of the defined benefit type and its assets are held in a separate trustee-administered fund.

The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the appropriateness of the rates. The latest actuarial valuation of the scheme was at 31 March 2015.

Due to the complexity of actuarial calculations and the number of different companies contributing to the scheme, the Company is unable to identify its share of the underlying assets and liabilities in the scheme. Consequently, the Company accounts for the scheme as a defined contribution scheme. The cost of contributions to the scheme during the year amounts to £3,319,000 (2015: £4,203,000).

The amount outstanding at 31 December 2016 included within other creditors, which relate to pension contributions to the scheme was £521,000 (2015: £208,000). This related to the contributions for December 2016 which were paid in January 2017.

Further details of the scheme are available in E.ON UK plc's financial statements. Due to a deficit in the scheme, E.ON UK plc paid £50 million into the scheme during January 2016 and, in accordance with the deficit repair plan E.ON UK plc paid an additional £240 million into the scheme in December 2016 to be followed by £65 million per annum payable in January each year for the next 10 years. None of this cost is expected to be recharged to the Company.

17. Commitments

The Company is recharged for certain operating leases from E.ON UK plc. Further information on these lease commitments is available in the financial statements of E.ON UK plc.

18. Contingent asset

Within the contract of the sale of shares in Rampion to UK Green Investment Rampion Limited, there is deferred contingent consideration of £8,000,000 to be received if certain criteria are met.

19. Post balance sheet events

During 2017, the Company has provided additional equity funding to Rampion and subscribed for a further 144,807,036 ordinary shares of £1 each, with the Company holding 50.1% of the total shares issued by Rampion.

20. Related party transactions

Uniper Technologies Limited

A related party by virtue of being a company in the Uniper Group which is 47% owned by E.ON SE, the ultimate controlling party of the Company.

This related party provided training services to the Company amounting to £188,000 during the period September 2016 to December 2016. The amount owed by the Company at the year end was £110,000.

Uniper Global Commodities SE

A related party by virtue of being a company in the Uniper Group which is 47% owned by E.ON SE, the ultimate controlling party of the Company.

This related party provided trading point services to the Company amounting to £115,000 during the period September 2016 to December 2016. The amount owed by the Company at the year end was £46,000.

E.ON CLIMATE & RENEWABLES UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016 (continued)

21. Ultimate holding company

The Company is controlled by E.ON UK plc. The ultimate parent undertaking and controlling party is E.ON SE, a company incorporated in Germany, which is the parent company of the largest and smallest group to consolidate these financial statements. Copies of E.ON SE's financial statements are available from the offices of E.ON SE at the following address:

E.ON SE
Brüsseler Platz 1
45131 Essen
Germany