SCOTTISHPOWER (DCL) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2019

Registered No. 02675504

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SCOTTISHPOWER (DCL) LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2019. This report has been prepared in accordance with the special provisions relating to small sized companies under section 415A of the Companies Act 2006. The directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

ACTIVITIES AND REVIEW
The principal activity of ScottishPower (DCL) Limited ("the company"), registered company number 02675504, is to hold a loan receivable from another Scottish Power Limited group ("ScottishPower") company. The company will continue with this activity for the foreseeable future.

The ultimate parent of the company is Iberdrola, S.A. ("Iberdrola") which is listed on the Madrid stock exchange and the immediate parent of the company is Scottish Power Retail Holdings Limited ("SPRH"). Scottish Power Limited ("SPL") is the United Kingdom ("UK") holding company of ScottishPower, of which the company is a member.

RESULTS AND DIVIDEND
The net profit for the year was £0.8 million (2018 £0.7 million). No dividend was paid during either the current or prior year.

FINANCIAL INSTRUMENTS
Treasury services are provided by SPL. ScottishPower has a risk policy within treasury and financing which is designed to ensure that the company's exposure to variability of cash flows and asset values due to fluctuations in market interest rates and exchange rates are minimised and managed at acceptable risk levels. Further details of the treasury and interest policy for ScottishPower and how it manages them is included in the most recent Annual Report and Accounts of SPL.

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

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

Notwithstanding the above, as at the date of signing these Accounts, it is the directors' opinion that the principal activity of the company is expected to operate throughout this crisis period without significant disruption and therefore will not have an impact on the company's business operations, assets and liabilities. Further detail of events subsequent to the balance sheet date is provided in Note 12.

MODERN SLAVERY STATEMENT
ScottishPower is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to its business. ScottishPower welcomed the introduction of the Modern Slavery Act 2015 and ScottishPower published its own Modern Slavery Statement, which was approved by the board of directors of SPL. This statement is published on the ScottishPower website at:
www.scottishpower.com/pages/scottishpowers_modern_slavery_statement.aspx.

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

Oscar Fortis Pita	
Douglas Ness	(appointed 30 July 2019)
Heather Chalmers White	(resigned 31 January 2019)

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

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 DIRECTORS' REPORT AND ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

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

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

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

AUDITOR

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

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

ON BEHALF OF THE BOARD

Douglas Ness
Director
25 August 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SCOTTISHPOWER (DCL) LIMITED

Opinion

We have audited the financial statements of ScottishPower (DCL) Limited ("the company") for the year ended 31 December 2019 which comprise the Balance Sheet, Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its 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 Financial Reporting Council ("FRC") Ethical Standard, and the provisions available for small entities, in the circumstances set out in Note 1B to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SCOTTISHPOWER (DCL) LIMITED *continued*

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

Andrew Williamson

Andrew Williamson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
26 August 2020

SCOTTISHPOWER (DCL) LIMITED
BALANCE SHEET
at 31 December 2019

	Notes	2019 £m	2018 £m
ASSETS			
CURRENT ASSETS			
Other receivables	3	**57.3**	56.5
CURRENT ASSETS		**57.3**	56.5
TOTAL ASSETS		**57.3**	56.5
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**57.1**	56.3
Share capital	4, 5	50.9	50.9
Share premium	5	3.3	3.3
Retained earnings	5	2.9	2.1
TOTAL EQUITY		**57.1**	56.3
CURRENT LIABILITIES			
Current tax liabilities		**0.2**	0.2
CURRENT LIABILITIES		**0.2**	0.2
TOTAL LIABILITIES		**0.2**	0.2
TOTAL EQUITY AND LIABILITIES		**57.3**	56.5

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

Douglas Ness
Director

The accompanying Notes 1 to 12 are an integral part of the balance sheet at 31 December 2019.

SCOTTISHPOWER (DCL) LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	**2019** £m	2018 £m
Finance income	6	1.0	0.9
PROFIT BEFORE TAX		**1.0**	0.9
Income tax	7	(0.2)	(0.2)
NET PROFIT FOR THE YEAR		**0.8**	0.7

Net profit for both years is wholly attributable to the equity holder of ScottishPower (DCL) Limited.

Net profit for both years comprises total comprehensive income.

All results relate to continuing operations.

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

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
At 1 January 2018	50.9	3.3	1.4	55.6
Total comprehensive income for the year	-	-	0.7	0.7
At 1 January 2019	50.9	3.3	2.1	56.3
Total comprehensive income for the year	-		0.8	0.8
At 31 December 2019	**50.9**	**3.3**	**2.9**	**57.1**

The accompanying Notes 1 to 12 are an integral part of the income statement and statement of comprehensive income and the statement of changes in equity for the year ended 31 December 2019.

SCOTTISHPOWER (DCL) LIMITED
CASH FLOW STATEMENT
for the year ended 31 December 2019

	2019 £m	2018 £m
Cash flows from operating activities		
Profit before tax	**1.0**	0.9
Adjustments for:		
Finance income	**(1.0)**	(0.9)
Interest received	**0.9**	0.7
Income taxes paid	**(0.2)**	(0.1)
Net cash flows from operating activities (i)	**0.7**	0.6
Cash flows from investing activities		
Increase in amounts due from Iberdrola group companies - current loans receivable	**(0.7)**	(0.6)
Net cash flows from investing activities (ii)	**(0.7)**	(0.6)
Net cash and cash equivalents (i) + (ii)	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

The accompanying Notes 1 to 12 are an integral part of the cash flow statement for the year ended 31 December 2019.

1 BASIS OF PREPARATION

A COMPANY INFORMATION

ScottishPower (DCL) Limited, registered company number 02675504, is a private company limited by shares, incorporated in England and Wales and its registered address is 3 Prenton Way, Prenton, CH43 3ET.

B BASIS OF PREPARATION OF THE ACCOUNTS

The company is required by law to prepare Accounts and to deliver them to the Registrar of Companies. The Accounts are prepared in accordance with the Accounting Policies set out in Note 2. Monetary amounts are presented in pounds Sterling and are rounded to the nearest hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

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

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

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

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

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

C IMPACT OF NEW IFRS

In preparing these Accounts, the company has applied all relevant International Accounting Standards ("IAS"), IFRS and International Financial Reporting Interpretations Committee ("IFRIC") (collectively referred to as IFRS) that have been adopted by the EU as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2019.

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

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

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

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

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND ACCOUNTING POLICIES

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

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

A FINANCIAL INSTRUMENTS
B TAXATION

A 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.

A1 FINANCIAL ASSETS

A1.1 RECOGNITION AND INITIAL MEASUREMENT

Financial assets of the company are classified, at initial recognition, as subsequently measured at amortised cost. Financial assets are initially recognised when the company becomes party to the contractual provisions of the instrument and are measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

A1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

(a) Classification

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These are expected to be infrequent and no other reclassifications are permitted.

The company's business model for managing financial assets refers to how it manages its financial assets in order 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 and should be 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.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in the income statement. Any gain or loss on derecognition is recognised in the company income statement.

(i) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when the rights to receive cash flows from the asset have expired.

B TAXATION

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

3 OTHER RECEIVABLES

	Note	2019 £m	2018 £m
Current receivables:			
Receivables due from Iberdrola group companies - loans	(a)	**56.3**	55.6
Receivables due from Iberdrola group companies - interest		**1.0**	0.9
		57.3	56.5

(a) Current loans receivable from Iberdrola group companies are repayable on demand with interest payable at 1% above the Bank of England base rate ("Base").

4 SHARE CAPITAL

	2019 £m	2018 £m
Allotted, called up and fully paid shares:		
50,870,530 ordinary shares of £1 each (2018 50,870,530)	**50.9**	50.9

(a) Holders of 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.

5 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF SCOTTISHPOWER (DCL) LIMITED

	Share capital £m	Share premium (Note (a)) £m	Retained earnings (Note (b)) £m	Total £m
At 1 January 2018	50.9	3.3	1.4	55.6
Profit for the year attributable to equity holder of the company	-	-	0.7	0.7
At 1 January 2019	50.9	3.3	2.1	56.3
Profit for the year attributable to equity holder of the company	-	-	0.8	0.8
At 31 December 2019	**50.9**	**3.3**	**2.9**	**57.1**

(a) The share premium account represents consideration received for shares issued in excess of their nominal amount.
(b) Retained earnings comprise the cumulative balance of profits and losses recognised in the financial statements, as adjusted for transactions with shareholders, principally dividends.

6 FINANCE INCOME

	2019 £m	2018 £m
Interest receivable from Iberdrola group companies	**1.0**	0.9

7 INCOME TAX

	2019 £m	2018 £m
Current tax:		
UK Corporation Tax charge on profits for the year	**0.2**	0.2
Current tax charge for the year	**0.2**	0.2
Income tax expense for the year	**0.2**	0.2

The tax charge on profit on ordinary activities for the year did not vary from the standard rate of UK Corporation Tax as follows:

	2019 £m	2018 £m
Corporation Tax at 19% (2018 19%)	**0.2**	0.2
Income tax expense for the year	**0.2**	0.2

Legislation was previously enacted to reduce the rate of UK Corporation Tax to 17% on 1 April 2020. After 31 December 2019, further legislation has been substantively enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968 that maintains the 19% UK Corporation tax rate. The 19% rate will apply from 1 April 2020.

8 EMPLOYEE INFORMATION

The company has no employees (2018 none).

9 RELATED PARTY TRANSACTIONS

Ultimate and immediate parent company

The immediate parent company is SPRH. The registered office of SPRH is 320 St. Vincent Street, Glasgow, G2 5AD.

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

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

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

10 AUDITOR'S REMUNERATION

	2019	2018
	£000	£000
Audit of the company's annual Accounts	**8**	7

11 GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on pages 1 to 2.

The company has recorded a profit after tax in the current financial year and the company's balance sheet shows that it has net current assets of £57.1 million as at 31 December 2019. As at 31 December 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a component of the ScottishPower group which in turn is part of Iberdrola, one of the world's largest integrated utilities. The company participates in a UK treasury function operated by the company's intermediate parent company, Scottish Power Limited. The UK treasury function works closely with Iberdrola to manage the company's funding requirements which are reviewed and adjusted on a regular basis using funding provided via Iberdrola, through the global treasury function. Scottish Power Limited has indicated its intention to provide the company with any funding it may require, or repay amounts owed to the company if required ("financial support"), for a period of at least twelve months from the date of these financial statements which at 31 December 2019 amounted to £56.3 million. Scottish Power Limited will provide this financial support through the UK treasury function utilising its committed facilities with Iberdrola group treasury. The directors of Scottish Power Limited have completed an assessment of their ability to provide this financial support across the ScottishPower group and are satisfied that this can be provided utilising its committed facilities with Iberdrola group treasury.

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

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

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

11 GOING CONCERN *continued*

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

12 EVENTS AFTER THE BALANCE SHEET DATE

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

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

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