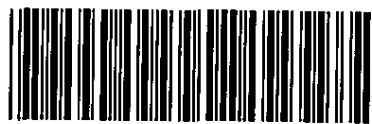


**SP DATASERVE LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 2015**

Registered No. SC215842



\*S59B4ROO\*

SCT 17/06/2016 #486  
COMPANIES HOUSE

\*S59B4Q3S\*

SCT 17/06/2016 #230  
COMPANIES HOUSE

**SP DATASERVE LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 2015**

**CONTENTS**

<b>STRATEGIC REPORT</b>	<b>1</b>
<b>DIRECTORS' REPORT</b>	<b>4</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>7</b>
<b>BALANCE SHEETS</b>	<b>8</b>
<b>INCOME STATEMENTS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>9</b>
<b>STATEMENTS OF CHANGES IN EQUITY</b>	<b>10</b>
<b>CASH FLOW STATEMENTS</b>	<b>11</b>
<b>NOTES TO ACCOUNTS</b>	<b>12</b>

## SP DATASERVE LIMITED STRATEGIC REPORT

The directors present an overview of SP Dataserve Limited's business structure, 2015 performance, strategic objectives and plans.

### STRATEGIC OUTLOOK

The principal activity of SP Dataserve Limited, registered company number SC215842, ("the company"), is data collection, data aggregation and meter operations. The company will continue with this activity for the foreseeable future. The company is responsible for the provision of meters to ScottishPower Energy Retail Limited ("SPERL").

The company is an integral component of SPERL's business. The business continues to experience increased competition in both non half-hourly and half-hourly field operations and data collection work. Upgrading metering technology to improve customer service has been a key focus for the business and will continue to be going forward, including supporting SPERL's mandated SMART meter roll out in the United Kingdom ("UK") by 2020.

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 Generation Holdings Limited ("SPGH"). Scottish Power Limited ("SPL") is the UK parent company of the Scottish Power Limited group ("ScottishPower") of which the company is a member. The company is part of ScottishPower's Energy Retail business function ("Energy Retail").

### OPERATIONAL PERFORMANCE

The tables below provide key financial and non-financial information relating to the company's performance during the year.

	Revenue*		Profit from operations*		Capital Investment**	
	2015	2014	2015	2014	2015	2014
Financial key performance indicators	£m	£m	£m	£m	£m	£m
SP Dataserve Limited	16.4	19.2	3.4	4.1	0.2	0.6

\*Revenue and profit from operations is presented on page 9.

\*\*Capital investment is presented within Note 3 on page 15.

Revenue decreased by £2.8 million to £16.4 million in 2015, with existing industry wide metering activity reducing as the focus moves towards the roll out of SMART meters.

Profit from operations fell by £0.7 million to £3.4 million in 2015, with the fall in revenue being largely offset by savings in staff and other costs.

Capital investment fell to £0.2 million with lower spend on meters and measuring devices during 2015.

### LIQUIDITY AND CASH MANAGEMENT

#### Cash and net funds

Net cash flows from operating activities for the year have decreased by £0.6 million (refer to cash flow statement on page 11). As detailed in the table below net funds have increased by £3.6 million to £28.3 million.

Analysis of net funds	Note	2015	2014
		£m	£m
Group loans receivable	(a)	28.3	24.7

(a) Loans due from Iberdrola group companies are presented within Note 5 on page 16.

#### Capital and debt structure

The company is entirely funded by equity. All equity is held by the company's immediate parent undertaking, SPGH.

#### Treasury and interest policy

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

**SP DATASERVE LIMITED**  
**STRATEGIC REPORT *continued***

**LIQUIDITY AND CASH MANAGEMENT *continued***

***Liquidity***

The directors confirm that the company remains a going concern on the basis of its future cash flow forecasts and has sufficient working capital for present requirements. The directors consider that sufficient funding will be made available to the company to continue operations and to meet liabilities as they fall due. Further details of the going concern considerations made by the directors of the company are set out in Note 17.

**HEALTH AND SAFETY**

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

ScottishPower's strategy is to conduct business in a manner benefiting customers through balancing cost and risk while delivering shareholder value and protecting ScottishPower's 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 the risk management practices can be found in Note 4 of the most recent Annual Report and Accounts of SPL.

The principal risks and uncertainties of ScottishPower, and so that of the company, that may impact current and future operational and financial performance and the management of these risks are described below:

<b>RISK</b>	<b>RESPONSE</b>
Material deterioration in the relatively stable and predictable UK regulatory and political environment.	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.
Adverse findings and/or remedies from the Competition and Markets Authority ("CMA") market investigation.	Proactive and positive engagement in the process with business, legal and regulatory experts and advisers aimed at seeking outcomes that are well founded and positive for competition.
A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.	ScottishPower's Health and Safety function provides specialist services and support for the businesses in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes, is established throughout ScottishPower, which aim to ensure not only continuing legal compliance but also drive towards best practice in all levels of its health and safety operations.
Breach in cyber security and unwanted infiltration of the ScottishPower IT infrastructure by external parties.	Implementation of a cyber risk policy which provides the framework for mitigation. Proactive approach to identifying where ScottishPower is vulnerable and addressing these points through technical solutions. Educating company employees as to how behaviour can reduce this risk. Embedding cyber security in IT related projects where appropriate.

**SP DATASERVE LIMITED**  
**STRATEGIC REPORT *continued***

**PRINCIPAL RISKS AND UNCERTAINTIES *continued***

One of the principal key risks and uncertainties of Energy Retail that may impact current and future performance of SP Dataserve Limited is described below:

**RISK**

The potential for non-compliance with the UK Government's mandate to complete the roll-out of smart metering to customers in accordance with prescribed timescales.

**RESPONSE**

Dedicated project team focussed on ensuring adequate business processes and systems are developed. The team is responsible for ensuring the roll-out capability is secured to enable deployment of meters. Energy Retail is an active participant in industry bodies responsible for developing smart metering technology and capability across the UK.

**ON BEHALF OF THE BOARD**



**Marc Rossi**  
**Director**  
**7 June 2016**

## **SP DATASERVE LIMITED DIRECTORS' REPORT**

The directors present their report and audited Accounts for the year ended 31 December 2015.

### **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 3.

- information on financial risk management and policies; and
- information regarding future developments of the business.

### **RESULTS AND DIVIDENDS**

The net profit for the year amounted to £3.0 million (2014 £3.5 million). No dividends were paid during the year (2014 £nil).

### **ENVIRONMENTAL REGULATION**

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

### **EMPLOYEES**

#### *Employment regulation*

ScottishPower has well-defined policies in place throughout its businesses to ensure compliance with applicable laws and related codes of practice. These policies cover a wide range of employment issues such as disciplinary, grievance, harassment, discrimination, stress, anti-bribery and 'whistleblowing' and have been brought together in the Code of Ethics of Iberdrola and its group of companies (which also outlines expectations for employees' conduct).

#### *Training*

ScottishPower has a continuing commitment to training and personal development for its employees with over 14,300 training events (over 169,000 hours) undertaken in 2015. Much of the training is focused on health and safety and technical training ensuring field staff are safe and competent. In addition ScottishPower recruits over 100 craft and engineering trainees annually who undertake a concentrated training period as part of their induction and development programme, leading toward a recognised apprenticeship or formal engineering qualification. Team leaders and managers also participate in core management skills training and there are management development programmes and modules aimed at increasing our leadership capability.

#### *Employee feedback and consultation*

ScottishPower believes that it is important that all employees have the opportunity to get involved and share their views. In 2015, 70% of employees took part in the annual internal employee engagement survey 'The LOOP' and the overall engagement score remained high at 74%. Following the LOOP Survey in 2014, the group focussed on a number of actions in response to employee feedback which included the launch of an online development toolkit for employees, a focus on internal communications to keep employees more informed about what is happening in the organisation and a review of how to best recognise the efforts of employees. Regular consultation takes place with employees using a variety of channels, including monthly team meetings, team managers' conferences, business road shows, safety committees, employee relations mechanisms and presentations.

#### *Equality and diversity*

ScottishPower recognises the importance of difference and respects individuality as part of its ongoing commitment to promoting equality and diversity. ScottishPower also understands that diversity goes beyond legally compliant policies and practices. It also includes a focus on creating an innovative, integrated organisation where people feel valued, inspiring them to perform at their best. During 2014 Employers Network for Equality & Inclusion ("ENEI") conducted an external diversity and inclusion audit across ScottishPower and support development of a clear, specific and practical action plan. This action plan will continue to be progressed throughout 2016.

## **SP DATASERVE LIMITED**

### **DIRECTORS' REPORT *continued***

#### **EMPLOYEES *continued***

##### *Employment of disabled persons*

In support of the policy on Equality and Diversity (above), ScottishPower expects all employees to be treated with respect and has supporting policy guidance on People with Disabilities and Reasonable Adjustments to help ensure equality of employment opportunity for people with disabilities. The aim of these guidelines is to establish working conditions that encourage the full participation of people with disabilities, which may be achieved through activities such as: making adjustments and/or adaptations to premises; enabling access to the full range of recruitment and career opportunities including the provision of specialist training; and the retention of existing staff who are affected by disability, through rehabilitation, training and reassignment. ScottishPower also works with support organisations, such as Business Disability Forum, which provide support, guidance and sharing of best practice to enable companies to become disability confident.

##### *Employee health and wellbeing*

ScottishPower promotes and supports the physical and mental health and wellbeing of its employees through a programme of health promotion and information run by its occupational health department.

##### *Employee volunteering*

ScottishPower prides itself in being a good corporate neighbour, providing support to the communities it serves in each of its businesses. Volunteering is central to community involvement and ScottishPower has an excellent track record in this area. In 2014 ScottishPower introduced a new company-wide Volunteering Policy which has been actively utilised by employees during 2015. This policy gives all registered volunteers, on an annual basis, an opportunity to take an additional one day's paid leave, to be used as a volunteering day.

#### **DIRECTORS**

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

José María Acha Echevarría  
Marc Rossi  
Andrew Ward

#### **DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS**

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

The directors are responsible for preparing Accounts for each financial period which give a true and fair view, in accordance with IFRSs, of the state of affairs of the company and of the profit or loss for that period. In preparing those Accounts, 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 the Accounts comply with IFRSs, subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Accounts 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.

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

**SP DATASERVE LIMITED**  
**DIRECTORS' REPORT *continued***

**AUDITOR**

Ernst & Young LLP were re-appointed as auditor of the company for the year ended 31 December 2015.

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Marc Rossi', is written over the printed name and title.

**Marc Rossi**  
**Director**  
**7 June 2016**



## **INDEPENDENT AUDITOR'S REPORT**

to the members of SP Dataserve Limited

We have audited the Accounts of SP Dataserve Limited for the year ended 31 December 2015 which comprise the Balance Sheet, Income Statement and Statement of Other Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and the related Notes 1 to 17. These Accounts have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Accounts in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE ACCOUNTS**

An audit involves obtaining evidence about the amounts and disclosures in the Accounts sufficient to give reasonable assurance that the Accounts 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 Accounts. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited Accounts, 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.

### **OPINION ON ACCOUNTS**

In our opinion the Accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Accounts are prepared is consistent with the Accounts.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Accounts 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.

Anne Graham (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow  
7 June 2016

**SP DATASERVE LIMITED**  
**BALANCE SHEETS**  
as at 31 December 2015 and 31 December 2014

	Notes	2015 £m	2014 £m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	3.6	4.1
<b>CURRENT ASSETS</b>			
Trade and other receivables	5	30.9	27.0
<b>CURRENT ASSETS</b>		<b>30.9</b>	<b>27.0</b>
<b>TOTAL ASSETS</b>		<b>34.5</b>	<b>31.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Of shareholders of the parent	7	30.1	27.1
Share capital	6, 7	17.6	17.6
Retained earnings	7	12.5	9.5
<b>TOTAL EQUITY</b>		<b>30.1</b>	<b>27.1</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	8	0.3	0.1
<b>NON-CURRENT LIABILITIES</b>		<b>0.3</b>	<b>0.1</b>
<b>CURRENT LIABILITIES</b>			
Provisions	8	-	0.2
Trade and other payables	9	3.3	2.8
Current tax liabilities		0.8	0.9
<b>CURRENT LIABILITIES</b>		<b>4.1</b>	<b>3.9</b>
<b>TOTAL LIABILITIES</b>		<b>4.4</b>	<b>4.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34.5</b>	<b>31.1</b>

Approved by the Board on 7 June 2016 and signed on its behalf by:



Marc Rossi  
Director

The accompanying Notes 1 to 17 are an integral part of the balance sheets as at 31 December 2015 and 31 December 2014.

**SP DATASERVE LIMITED**

**INCOME STATEMENTS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME**

**for the years ended 31 December 2015 and 31 December 2014**

	Notes	2015 £m	2014 £m
Revenue		16.4	19.2
		<b>16.4</b>	<b>19.2</b>
Staff costs	10	(13.3)	(14.7)
Outside services		(9.2)	(10.9)
Other operating income		10.5	11.1
		<b>(12.0)</b>	<b>(14.5)</b>
Depreciation and amortisation charge, allowances and provisions	11	(1.0)	(0.6)
<b>PROFIT FROM OPERATIONS</b>		<b>3.4</b>	<b>4.1</b>
Finance income	12	0.4	0.3
<b>PROFIT BEFORE TAX</b>		<b>3.8</b>	<b>4.4</b>
Income tax	13	(0.8)	(0.9)
<b>NET PROFIT FOR THE YEAR</b>		<b>3.0</b>	<b>3.5</b>

Net profit for both years is wholly attributable to the equity holders of SP Dataserve Limited.

All results relate to continuing operations.

The accompanying Notes 1 to 17 are an integral part of the income statements and statements of other comprehensive income for the years ended 31 December 2015 and 31 December 2014.

**SP DATASERVE LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**for the years ended 31 December 2015 and 31 December 2014**

	Ordinary share capital £m	Retained earnings £m	Total equity £m
At 1 January 2014	17.6	6.0	23.6
Total comprehensive income for the year	-	3.5	3.5
At 1 January 2015	17.6	9.5	27.1
Total comprehensive income for the year	-	3.0	3.0
<b>At 31 December 2015</b>	<b>17.6</b>	<b>12.5</b>	<b>30.1</b>

Total comprehensive income for both years comprises the net profit for year and is wholly attributable to the equity holders of SP Dataserve Limited.

The accompanying Notes 1 to 17 are an integral part of the statements of changes in equity for the years ended 31 December 2015 and 31 December 2014.

**SP DATASERVE LIMITED**  
**CASH FLOW STATEMENTS**

**for the years ended 31 December 2015 and 31 December 2014**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Cash flows from operating activities		
Profit before tax	3.8	4.4
Adjustments for:		
Depreciation	0.7	0.6
Change in provisions	0.2	0.5
Finance income	(0.4)	(0.3)
Changes in working capital:		
Change in trade and other receivables	(0.2)	0.4
Change in trade and other payables	0.6	0.1
Provisions paid	(0.2)	(0.5)
Income taxes paid	(0.9)	(1.0)
Interest received	0.3	0.3
<b>Net cash flows from operating activities (i)</b>	<b>3.9</b>	<b>4.5</b>
Cash flows from investing activities		
Investments in property, plant and equipment	(0.3)	(0.6)
<b>Net cash flows from investing activities (ii)</b>	<b>(0.3)</b>	<b>(0.6)</b>
<b>Net increase in cash and cash equivalents (i)+(ii)</b>	<b>3.6</b>	<b>3.9</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>24.7</b>	<b>20.8</b>
<b>Cash and cash equivalents at end of year</b>	<b>28.3</b>	<b>24.7</b>
Cash and cash equivalents at end of year comprises:		
Receivables due from Iberdrola group companies - loans	28.3	24.7
<b>Cash flow statement cash and cash equivalents</b>	<b>28.3</b>	<b>24.7</b>

The accompanying Notes 1 to 17 are an integral part of the cashflow statements for the years ended 31 December 2015 and 31 December 2014.

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS**  
**31 December 2015**

**1 BASIS OF PREPARATION**

**A. BASIS OF PREPARATION OF THE ACCOUNTS**

The company is required by law to prepare Accounts and to deliver them to the Registrar of Companies. The Accounts have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), as adopted by the EU as at the date of approval of these Accounts and which are mandatory for the financial year ended 31 December 2015. The Accounts are prepared in accordance with the Accounting Policies set out in Note 2.

**B. ACCOUNTING STANDARDS**

In preparing these Accounts, the company has applied all relevant IAS, IFRS and IFRIC Interpretations which have been adopted by the EU as of the date of approval of these Accounts and which are mandatory for the financial year ended 31 December 2015.

For the year ended 31 December 2015, the company has applied the following standards and amendments for the first time:

Standard	Note
• Amendments to IAS 19 'Employee Benefits: Defined Benefit Plans: Employee Contributions'	(a)
• Annual Improvements to IFRSs (2010-2012)	(a)
• Annual Improvements to IFRSs (2011-2013)	(a)
• IFRIC 21 'Levies'	(a)

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

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

Standard	Notes	IASB effective date (for periods commencing on or after)	Planned date of application by the company
• Amendments to IAS 1 'Presentation of Financial Statements: Disclosure Initiative'	(b)	1 January 2016	1 January 2016
• Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' – 'Clarification of Acceptable Methods of Depreciation and Amortisation'	(b)	1 January 2016	1 January 2016
• Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' – 'Bearer Plants'	(b)	1 January 2016	1 January 2016
• Amendments to IAS 27 'Separate Financial Statements: Equity Method in Separate Financial Statements'	(b)	1 January 2016	1 January 2016
• Amendments to IFRS 11 'Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations'	(b)	1 January 2016	1 January 2016
• Annual Improvements to IFRSs (2012-2014)	(b)	1 January 2016	1 January 2016
• Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - 'Investment Entities: Applying the Consolidated Exception'	(b), (c), (d)	1 January 2016	1 January 2017
• IFRS 14 'Regulatory Deferral Accounts'	(b), (e)	1 January 2016	To be decided
• Amendments to IAS 12 'Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses'	(b), (c)	1 January 2017	1 January 2017
• Amendments to IAS 7 'Statement of Cash Flows: Disclosure Initiative'	(b), (c)	1 January 2017	1 January 2017
• IFRS 9 'Financial Instruments'	(c), (f)	1 January 2018	1 January 2018
• IFRS 15 'Revenue from Contracts with Customers' (including Amendments to IFRS 15 'Effective date of IFRS 15' and Clarifications to IFRS 15 'Revenue from Contracts with Customers')	(c), (f)	1 January 2018	1 January 2018

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**1 BASIS OF PREPARATION *continued***  
**B. ACCOUNTING STANDARDS *continued***

<b>Standard <i>continued</i></b>	<b>Notes</b>	<b>IASB effective date (for periods commencing on or after)</b>	<b>Planned date of application by the company</b>
• IFRS 16 'Leases'	(c), (f)	1 January 2019	1 January 2019
• Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	(b), (c), (g)	Deferred indefinitely	To be decided

- (b) The future application of these pronouncements is not expected to have a material impact on the company's accounting policies, financial position or performance.
- (c) These pronouncements have not yet been adopted by the EU.
- (d) The company applies all relevant pronouncements which have been adopted by the EU as at the date of approval of these accounts. Despite the IASB effective date of 1 January 2016, the standards/amendment has yet to be endorsed by the EU. The endorsement notice will be reviewed but it is anticipated that the group will apply this amendment for the accounting period following adoption, i.e. 1 January 2017.
- (e) The endorsement process of this interim standard has not been launched as the EU has decided to wait for the final standard to be issued.
- (f) The directors are currently in the process of assessing the impact of this standard in relation to the company's accounting policies, financial position and performance.
- (g) The IASB set the effective date of this amendment as for periods commencing on or after 1 January 2016. However, in December 2015, the IASB postponed the effective date indefinitely pending the outcome of its research project on the equity method of accounting. The EU endorsement process for this amendment has been postponed, awaiting a revised exposure draft from the IASB. The IASB effective date will be amended in due course.
- (h) The company has chosen not to early adopt any of these standards/amendments for year ended 31 December 2015.

**2 ACCOUNTING POLICIES**

- A REVENUE  
B PROPERTY, PLANT AND EQUIPMENT  
C IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT  
D FINANCIAL ASSETS AND LIABILITIES  
E TAXATION  
F RETIREMENT BENEFITS

**A REVENUE**

Revenue comprises the sales value of data collection, data aggregation and meter operation services supplied to customers and suppliers during the year and excludes Value Added Tax. Revenue from data collection and data aggregation is based on commercial market rate contracts. Revenue from meter operation represents an annual charge for refurbishment, maintenance and installation of meters held by SP Power Systems Limited ("SPPS"), a fellow ScottishPower undertaking. All revenue is earned wholly within the UK.

**B PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is stated at cost and is generally depreciated on a straight-line basis over the estimated operational lives of the assets. Property, plant and equipment includes capitalised employee costs and other directly attributable costs. Reviews are undertaken annually of the estimated remaining lives and residual values of property, plant and equipment. Residual values are assessed based on prices prevailing at each balance sheet date.

The main depreciation periods used by the company are as set out below.

	<b>Years</b>
Meters and measuring devices	10
Other facilities and other items of property, plant and equipment	1 - 40

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**2 ACCOUNTING POLICIES *continued***

**C IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT**

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

**D FINANCIAL ASSETS AND LIABILITIES**

- (a) Financial assets categorised as trade and other receivables are recognised and carried at original invoice amount less an allowance for impairment of doubtful debts. Allowance for doubtful debts has been estimated by management, taking into account future cash flows, based on past experience and assessment of the current economic environment within which the company operates.
- (b) In the cashflow statement, cash and cash equivalents comprise current loans receivable from Iberdrola companies.
- (c) Financial liabilities categorised as trade payables are recognised and carried at original invoice amount.
- (d) All interest bearing loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**E TAXATION**

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

**F RETIREMENT BENEFITS**

ScottishPower operates a number of defined benefit and defined contribution retirement benefit schemes in the UK. SP Dataserve Limited is a participating company in these arrangements, and the contributions for the defined benefit schemes are based on pension costs across all the participating companies. The company is unable to identify its share of the underlying assets and liabilities in the defined benefit schemes, as the scheme administrators do not calculate these separately for each of the various companies participating in the schemes and therefore treats these schemes as if they were defined contribution schemes. The amount charged to the income statement in respect of pension costs is the contributions payable in the year.



**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS** *continued*  
**31 December 2015**

**3 PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in property, plant and equipment in use**

	Meters and measuring devices £m	Other items of property, plant and equipment In use £m	Total property, plant and equipment in use £m
<b>Year ended 31 December 2014</b>			
<b>Cost:</b>			
At 1 January 2014	7.8	1.3	9.1
Additions	0.5	0.1	0.6
At 31 December 2014	8.3	1.4	9.7
<b>Depreciation:</b>			
At 1 January 2014	4.6	0.4	5.0
Depreciation for the year	0.5	0.1	0.6
At 31 December 2014	5.1	0.5	5.6
<b>Net book value:</b>			
At 31 December 2014	3.2	0.9	4.1
At 1 January 2014	3.2	0.9	4.1
	Meters and measuring devices £m	Other items of property, plant and equipment in use £m	Total property, plant and equipment in use £m
<b>Year ended 31 December 2015</b>			
<b>Cost:</b>			
At 1 January 2015	8.3	1.4	9.7
Additions	0.2	-	0.2
<b>At 31 December 2015</b>	<b>8.5</b>	<b>1.4</b>	<b>9.9</b>
<b>Depreciation:</b>			
At 1 January 2015	5.1	0.5	5.6
Depreciation for the year	0.5	0.2	0.7
<b>At 31 December 2015</b>	<b>5.6</b>	<b>0.7</b>	<b>6.3</b>
<b>Net book value:</b>			
<b>At 31 December 2015</b>	<b>2.9</b>	<b>0.7</b>	<b>3.6</b>
At 1 January 2015	3.2	0.9	4.1

(i) The cost of fully depreciated property, plant and equipment still in use at 31 December 2015 was £3.5 million (2014 £3.0 million).

**4 MEASUREMENT OF FINANCIAL INSTRUMENTS**

**(a) Categories of financial assets and liabilities**

The table below sets out the carrying amount and fair value of the company's financial instruments.

	Notes	2015		2014	
		Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Financial assets</b>					
Receivables	(i), (ii)	30.9	30.9	27.0	27.0
<b>Financial liabilities</b>					
Payables	(i)	(1.5)	(1.5)	(1.0)	(1.0)

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

- (i) Balances out with the scope of IFRS 7 'Financial Instruments: Disclosures' ('IFRS 7') have been excluded, principally payments on account and other taxes and social security.  
(ii) The undiscounted contractual cash flows associated with the above liabilities are equivalent in value and are payable in less than one year.

**(b) Borrowing facilities**

The company had no undrawn committed borrowing facilities at 31 December 2015 (2014 £nil).

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**5 TRADE AND OTHER RECEIVABLES**

	Notes	2015 £m	2014 £m
<b>Current receivables:</b>			
Receivables due from Iberdrola group companies - loans	(a)	28.3	24.7
Receivables due from Iberdrola group companies - interest		0.4	0.3
Trade receivables and accrued income	(b), (c)	2.2	2.0
		<b>30.9</b>	<b>27.0</b>

- (a) Interest on loans due from Iberdrola group companies is payable at 1% above the Bank of England base rate and the loans are repayable on demand.
- (b) Trade receivables are stated net of allowance for impairment of doubtful debts of £0.1 million (2014 £0.2 million). Provisions for doubtful debts have been estimated by management, taking into account future cash flows, based on prior experience, ageing analysis and an assessment of the current economic environment within which the company operates. The income statement impact of the change in bad debt for the year to 31 December 2015 is £(0.1) million (2014 £0.1 million).

- (c) At 31 December 2015 trade receivables of £0.5 million (2014 £0.3 million) were past due but not impaired.

	2015 £m	2014 £m
<b>Past due but not impaired</b>		
Less than 3 months	0.3	0.1
Between 3 and 6 months	0.2	-
Between 6 and 12 months	-	0.1
After more than 12 months	-	0.1
	<b>0.5</b>	<b>0.3</b>

- (d) Movements on the provision for impairment of trade receivables are as follows:

	2015 £m	2014 £m
At beginning of year	0.2	0.1
Provisions for receivables impairment	(0.1)	0.1
<b>At end of year</b>	<b>0.1</b>	<b>0.2</b>

**6 SHARE CAPITAL**

	2015 £m	2014 £m
<b>Authorised:</b>		
100,000,000 ordinary shares of £1 each (2014 100,000,000)	100.0	100.0
<b>Allotted, called up and fully paid shares:</b>		
17,608,000 ordinary shares of £1 each (2014 17,608,000)	17.6	17.6

**7 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF SP DATASERVE LIMITED**

	Ordinary share capital £m	Retained earnings (Note (a)) £m	Total £m
At 1 January 2014	17.6	6.0	23.6
Profit for the year attributable to equity holders of SP Dataserve Limited	-	3.5	3.5
At 1 January 2015	17.6	9.5	27.1
Profit for the year attributable to equity holders of SP Dataserve Limited	-	3.0	3.0
<b>At 31 December 2015</b>	<b>17.6</b>	<b>12.5</b>	<b>30.1</b>

- (a) Retained earnings comprise the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders, principally dividends.

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**8 PROVISIONS**

		At 1 January	New provisions	Utilised during year	Released during year	At 31 December
	Notes	£m	£m	£m	£m	£m
<b>Year ended 31 December 2014</b>						
Reorganisation and restructuring	(a)	0.1	0.6	(0.5)	-	0.2
Insurance	(b)	0.2	-	-	(0.1)	0.1
		0.3	0.6	(0.5)	(0.1)	0.3
		At 1 January	New provisions	Utilised during year	Released during year	At 31 December
	Notes	£m	£m	£m	£m	£m
<b>Year ended 31 December 2015</b>						
Reorganisation and restructuring	(a)	0.2	-	(0.2)	-	-
Insurance	(b)	0.1	0.2	-	-	0.3
		0.3	0.2	(0.2)	-	0.3
<b>Analysis of total provisions</b>					<b>2015</b>	<b>2014</b>
					<b>£m</b>	<b>£m</b>
Non-current					0.3	0.1
Current					-	0.2
					0.3	0.3

(a) The provision for reorganisation and restructuring principally relates to restructuring within the company. This provision was fully utilised during 2015.

(b) The provision for insurance principally represents the value of claims reserves.

**9 TRADE AND OTHER PAYABLES**

	2015 £m	2014 £m
<b>Current trade and other payables:</b>		
Payables due to Iberdrola group companies- trade	0.1	0.1
Trade payables	1.0	0.4
Other taxes and social security	0.3	0.4
Payments received on account	1.5	1.4
Capital payables and accruals	-	0.1
Other payables	0.4	0.4
	3.3	2.8

**10 EMPLOYEE INFORMATION**

**(a) Staff costs**

	2015 £m	2014 £m
Wages and salaries	9.9	10.8
Social security costs	0.7	0.8
Pension and other costs	2.7	3.1
<b>Total staff costs</b>	<b>13.3</b>	<b>14.7</b>

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**10 EMPLOYEE INFORMATION *continued***

**(b) Employee numbers**

The year end and average numbers of employees (full and part-time) employed by the company, including executive directors, where appropriate, were:

	Year end 2015	Average 2015	Year end 2014	Average 2014
Administrative staff	7	7	17	18
Operations	354	368	374	400
<b>Total</b>	<b>361</b>	<b>375</b>	<b>391</b>	<b>418</b>

The year end and average numbers of employees of full-time equivalent staff employed by the company, including executive directors, were:

	Year end 2015	Average 2015	Year end 2014	Average 2014
<b>Total</b>	<b>351</b>	<b>366</b>	<b>382</b>	<b>411</b>

**(c) Pensions**

The company's pension contributions payable in the year were £2.4 million (2014 £2.2 million). The company contributes to the ScottishPower group's defined benefit and defined contribution schemes in the UK. Full details of these schemes are provided in the most recently available Annual Report and Accounts of SPL. As at 31 December 2015, the deficit in the ScottishPower group's defined benefit schemes in the UK amounted to £264.4 million (2014 £308.4 million). The employer contribution rate for these schemes in the year ended 31 December 2015 was 30.1-31.0%.

**11 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS**

	2015 £m	2014 £m
Property, plant and equipment depreciation charge	0.7	0.6
Charges and provisions and allowances	0.3	-
	<b>1.0</b>	<b>0.6</b>

**12 FINANCE INCOME**

	2015 £m	2014 £m
Interest receivable from Iberdrola group companies	0.4	0.3

**13 INCOME TAX**

	2015 £m	2014 £m
Current tax:		
UK Corporation tax	0.8	0.9
<b>Income tax expense for the year</b>	<b>0.8</b>	<b>0.9</b>

The tax expense on profit on ordinary activities for the year varied from the standard rate of UK Corporation tax as follows:

	2015 £m	2014 £m
Corporation tax at 20.25% (2014 21.5%)	0.8	0.9
<b>Income tax expense for the year</b>	<b>0.8</b>	<b>0.9</b>

The rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015 and from 23% to 21% on 1 April 2014. Finance (No.2) Act 2015 included legislation to reduce the rate of UK Corporation Tax to 19% on 1 April 2017 and 18% on 1 April 2020. The rate of UK Corporation Tax is now expected to reduce by a further 1% to 17% on 1 April 2020.

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**14 FINANCIAL COMMITMENTS**

	2015						
	2016	2017	2018	2019	2020	2021 and thereafter	Total
	£m	£m	£m	£m	£m	£m	£m
Other contractual commitments	0.6	-	-	-	-	-	0.6

Financial commitments as at 31 December 2015 relate to meter reading and metering services. Financial commitments as at 31 December 2014 were £nil.

**15 RELATED PARTY TRANSACTIONS**

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

	2015		2014	
	UK Parent (SPL)	Other Iberdrola group companies	UK Parent (SPL)	Other Iberdrola group companies
	£m	£m	£m	£m
<b>Types of transaction</b>				
Sales and rendering of services	-	20.5	-	23.2
Purchases and receipt of services	-	(4.5)	-	(7.5)
Interest income	0.4	-	0.3	-
<b>Balances outstanding</b>				
Loans receivable	28.3	-	24.7	-
Interest receivable	0.4	-	0.3	-
Trade and other payables	-	(0.1)	-	(0.1)

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

(ii) During the year ended 31 December 2015, Scottish Power UK plc made pension contributions of £2.4 million (2014 £2.2 million) on behalf of the company.

**(b) Remuneration of key management personnel**

The remuneration of the key management personnel of the company is set out below. During the year, the remuneration allocation of the non-UK resident key management personnel changed and thus the element of their remuneration which is specifically in relation to their services to the company is disclosed below. There has been no impact on the prior year income statement as a result of this change, however comparative figures disclosed for 'Short-term employee benefits', 'Post-employment benefits' and 'Share-based payments' have been reduced by £632,000, £18,000 and £139,000. Of the eleven (2014 five) key management personnel, three (2014 three) were paid by the company.

	2015	2014
	£m	£m
Short-term employee benefits	1,427	759
Post-employment benefits	351	264
Share-based payments	499	343
	2,277	1,366

**(c) Directors' remuneration**

The remuneration of the directors that provided qualifying services to the company is shown below. During the year, the remuneration allocation of the non-UK resident director changed and thus the element of their remuneration which is specifically in relation to their qualifying services to the company is disclosed below. There has been no impact on the prior year income statement as a result of this change, however the comparative figure disclosed for 'Aggregate remuneration in respect of qualifying services' has decreased by £227,000 and the figures disclosed in the prior year for 'Aggregate contributions payable to a defined contribution pension scheme' no longer apply and are therefore not disclosed. Of the three (2014 three) directors at the year end, two (2014 two) were paid by the company.

**SP DATASERVE LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2015**

**15 RELATED PARTY TRANSACTIONS *continued***

**(c) Directors' remuneration *continued***

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Executive directors</b>		
Aggregate remuneration in respect of qualifying services	<b>395</b>	<b>380</b>
Number of directors who exercised share options	<b>2</b>	<b>2</b>
Number of directors who received shares under a long-term incentive scheme	<b>2</b>	<b>2</b>
Number of directors accruing retirement benefits under a defined benefit scheme	<b>2</b>	<b>2</b>

As a consequence of the change in the remuneration allocation of the non-UK resident director noted above, the individual who was "Highest paid director" in the prior year is no longer so and the comparative figures disclosed are for the highest paid director in 2014 under the new allocation basis.

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Highest paid director</b>		
Aggregate remuneration	<b>216</b>	<b>211</b>
Accrued pension benefit	<b>40</b>	<b>38</b>

- (i) The highest paid director received benefits under a long-term share incentive scheme in both years.  
(ii) The highest paid director exercised share options in both years.

**(d) Ultimate parent company**

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

Copies of the Consolidated Accounts of Iberdrola, S.A. may be obtained from Iberdrola, S.A., Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. Copies of the Consolidated Accounts of Scottish Power UK plc may be obtained from The Secretary, Scottish Power UK plc, 1 Atlantic Quay, Glasgow, G2 8SP.

**16 AUDITOR'S REMUNERATION**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Audit of the company's annual Accounts	<b>7</b>	<b>15</b>

**17 GOING CONCERN**

The company's business activities are set out in the Strategic Report on pages 1 to 3.

The company has recorded a profit after tax in both the current and previous financial year and the company's balance sheet shows that it has net current assets of £26.8 million and net assets of £30.1 million at its most recent balance sheet date.

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

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