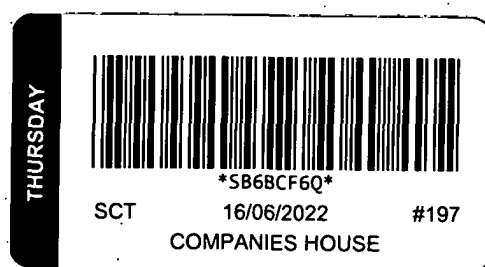


COMPANIES HOUSE
16 JUN 2022
EDINBURGH MAILBOX

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2021

Registered No. SC374288



SCOTTISHPOWER RENEWABLES (WODS) LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2021

CONTENTS

STRATEGIC REPORT	1
DIRECTORS' REPORT	7
INDEPENDENT AUDITOR'S REPORT	9
STATEMENT OF FINANCIAL POSITION	12
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE ACCOUNTS	15

SCOTTISHPOWER RENEWABLES (WODS) LIMITED STRATEGIC REPORT

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

INTRODUCTION

The principal activity of the Company, registered company number SC374288, is the joint operation of the West of Duddon Sands ("WODS") offshore wind farm located in the East Irish Sea. This activity will continue for the foreseeable future.

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

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

STRATEGIC OUTLOOK

Operating review

The 389 megawatt ("MW") WODS project is a 50/50 joint arrangement with Orsted West of Duddon Sands (UK) Limited. The project is in its second operational term, with Orsted Wind Power A/S providing operations and maintenance services. Certain turbine upgrades were activated during 2021 and the site continues to deliver availability in line with expectations. During 2021, production was impacted by unusual weather conditions, with the lowest wind conditions across the UK in over 30 years.

2021 performance

	Revenue*		Operating profit*		Capital investment**	
	2021	2020	2021	2020	2021	2020
Financial key performance indicators	£m	£m	£m	£m	£m	£m
ScottishPower Renewables WODS Ltd	107.2	126.7	53.4	71.4	(0.2)	12.9

* Revenue and operating profit are presented in the Income statement and statement of comprehensive income on page 13.

** Capital investment for 2021 is presented in Note 3 on page 21.

Revenue decreased by £19.5 million to £107.2 million in 2021. Lower production volumes due to exceptionally low wind and lower energy contract prices was partly mitigated by higher Renewables Obligation Certificate ("ROC") revenues.

Operating profit decreased by £18.0 million to £53.4 million in 2021 principally due to lower revenues, partially offset by a decrease in net operating costs.

Capital investment decreased by £13.1 million to (£0.2) million. This movement is principally due to lower required capital investment and the result of the reassessment of the future estimated costs of decommissioning the Company's wind farm which decreased capital investment by £2.3 million in 2021 but was a £4.6 million increase in 2020.

Non-financial key performance indicators	Notes	2021	2020
Plant output (GWh)	(a)	648	817
Generating capacity (MW)	(b)	194	194
Availability	(c)	97%	97%

- (a) Plant output is a measure of the electrical output generated in the year measured in gigawatt hours ("GWh"), which in turn drives the revenues of the business.
- (b) Generating capacity represents the total number of MW fully installed within the wind farm site related to the Company. This includes all turbines erected irrespective of whether they are generating or not.
- (c) Availability is a measure of how effective the business is at ensuring wind generating plant is available and ready to generate.

COVID-19

As the COVID-19 crisis has developed and ScottishPower's response has evolved, it 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. ScottishPower, Renewables, and so the Company, has been working closely with government departments, Ofgem and industry bodies to ensure that they continue to follow the latest advice.

At a ScottishPower level, several measures were implemented to ensure it is well positioned to respond to the significant challenges posed by COVID-19. These include ongoing reviews of business continuity, IT resilience, supply chain operations, and the safety and wellbeing of critical and non-critical employees.

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

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 rate policy for ScottishPower and how it manages the related risks are included in the most recent Annual Report and Accounts of SPL.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

FINANCIAL RISKS	
RISK	RESPONSE
In light of the outbreak of war in Ukraine during early 2022, ScottishPower, and therefore the Company, continues to assess the impact of this on the global supply chain through continued engagement with suppliers.	No material operational issues have arisen to date or are expected, however ScottishPower will continue to monitor the situation and put mitigating actions in place if and when appropriate.

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

OPERATIONAL RISKS	
RISK	RESPONSE
A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.	ScottishPower, and so the Company, has certified management systems in place to deliver activities as safely as possible. In addition, a ScottishPower Health and Safety function exists and provides specialist services and support for the businesses, and so the Company, in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes, is established throughout ScottishPower, which aims to ensure not only continuing legal compliance but also to drive towards best practice in all levels of health and safety operations.
Breach in cyber security and unwanted infiltration of ScottishPower's IT infrastructure by internal and external parties impacting key infrastructure, networks or core systems.	Implementation of a cyber-risk policy which provides the framework for mitigation. Proactive approach to identifying where ScottishPower is vulnerable and addressing these points through technical solutions. Educating ScottishPower employees and contractors as to how behaviour can reduce this risk. Embedding cyber security in all projects where appropriate.
The potential for plant performance issues reducing plant availability.	Proactive technical assessments and monitoring of key risk areas associated with wind turbine performance, diversification of the service and maintenance model where reliance is placed on framework agreement for key activities, optimising service and maintenance activities to ensure each activity is appropriate based on operational knowledge. In addition, co-ordination with the procurement team in negotiating terms and conditions with turbine suppliers and independent operations and maintenance service providers to ensure plant performance is optimised.

ENGAGING WITH STAKEHOLDERS

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

The importance of engaging with stakeholders

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

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

Key stakeholders

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

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

Shareholders are also important to the Company and ScottishPower. All shareholder management activities are carried out on ScottishPower's behalf by its ultimate parent company, Iberdrola, which is listed on the Madrid Stock exchange. Iberdrola is committed to dialogue, proximity and actions in favour of shareholders. Iberdrola is one of the first companies in the world, to formalise a Shareholder Engagement Policy focusing upon two-way interaction with the shareholders in order to forge a sense of belonging and to encourage their engagement in the corporate life of Iberdrola. Iberdrola's Shareholder Engagement Policy is published at <https://www.iberdrola.com/corporate-governance/corporate-governance-system/corporate-policies/shareholder-engagement-policy>.

CUSTOMERS

The Company's key customer is ScottishPower Energy Retail Limited ("SPERL"), which is a fellow Iberdrola Group company, to whom it provides energy and related services. The success of the Company depends on continuous engagement to understand and provide for the needs of SPERL.

GOVERNMENT AND REGULATORS

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

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

ScottishPower continues to work with government on its policies for future support for renewables and new technologies such as green hydrogen.

SUPPLIERS AND CONTRACTORS

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

Engagement with the supply chain is always a critical activity for ScottishPower and it becomes even more important due to the current COVID-19 pandemic and the Brexit transition. ScottishPower has looked to support its supply chain during these challenging times by working collaboratively on forecasting its requirements and ScottishPower also established customs brokerage services, which can be utilised by its supply base.

As part of ScottishPower, the Company's engagement with its suppliers and contractors is driven by the decisions, policies and procedures in place at a ScottishPower level. Further details as to how ScottishPower, and so the Company, engages with its supply chain are provided in the most recent Annual Report and Accounts of SPL.

Health and safety

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

Modern Slavery Statement

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

COMMUNITY AND ENVIRONMENT

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

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

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

SECTION 172 STATEMENT

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

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

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

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

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

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

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

In addition, a statement in relation to the Company's interaction with its shareholders is described in the introduction to the 'Engaging with stakeholders' section of the Strategic Report on page 3.

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

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

ON BEHALF OF THE BOARD



Heather Chalmers White
Director
6 June 2022

SCOTTISHPOWER RENEWABLES (WODS) LIMITED DIRECTORS' REPORT

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

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 6:

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

STREAMLINED ENERGY AND CARBON REPORTING

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

RESULTS AND DIVIDEND

The net profit for the year was £20.6 million (2020 £45.2 million). A dividend of £14.3 million was paid during the year (2020 £52.5 million).

DIRECTORS

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

Heather Chalmers White
Jonathan Cole (resigned 4 October 2021)
Charles Jordan (appointed 21 October 2021)
Victor Rey Romero

Victor Rey Romero resigned on 25 May 2022.

DIRECTORS INDEMNITY

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

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

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

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

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

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

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
DIRECTORS' REPORT *continued*

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

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

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

Disclosure of information to auditor

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

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

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

AUDITOR

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

ON BEHALF OF THE BOARD



Heather Chalmers White
Director

6 June 2022

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

Opinion

We have audited the financial statements of ScottishPower Renewables (WODS) Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of financial position, Income statement and statement of comprehensive income, Statement of changes in equity, and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

We also considered less predictable but realistic second order impacts, such as the adverse impact of less windy weather.

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

We did not identify any additional fraud risks.

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

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

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

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

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

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

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

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

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 7 and 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

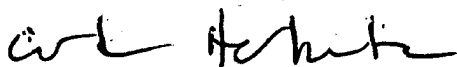
Auditor's responsibilities

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

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

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

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




Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
7 June 2022

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Notes	2021 £m	2020 Restated* £m
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	466.9	495.5
Right-of-use assets	4	9.5	9.9
Investment in joint venture	5	-	-
TOTAL NON-CURRENT ASSETS		476.4	505.4
CURRENT ASSETS			
Current trade and other receivables	6	71.0	74.5
Cash		2.3	2.9
TOTAL CURRENT ASSETS		73.3	77.4
TOTAL ASSETS		549.7	582.8
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		196.8	190.5
Share capital	7, 8	160.0	160.0
Retained earnings	8	36.8	30.5
TOTAL EQUITY		196.8	190.5
NON-CURRENT LIABILITIES			
Non-current provisions	9	54.7	56.6
Non-current Loans and other borrowings	10	200.0	200.0
Non-current lease liabilities	4	9.7	9.9
Deferred tax liabilities	11	67.9	51.3
TOTAL NON-CURRENT LIABILITIES		332.3	317.8
CURRENT LIABILITIES			
Current Loans and other borrowings	10	0.4	51.7
Current lease liabilities	4	1.0	0.9
Current trade and other payables	12	10.2	10.6
Current tax liabilities		9.0	11.3
TOTAL CURRENT LIABILITIES		20.6	74.5
TOTAL LIABILITIES		352.9	392.3
TOTAL EQUITY AND LIABILITIES		549.7	582.8

* Comparative figures have been restated (refer to Note 1B2).

Approved by the Board on and signed on its behalf on 6 June 2022.



Heather Chalmers White
Director

The accompanying Notes 1 to 22 are an integral part of the Statement of financial position at 31 December 2021.

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Revenue		107.2	126.7
Procurements		(15.3)	(14.0)
GROSS MARGIN		91.9	112.7
External services		(14.2)	(13.4)
Other operating results		4.6	0.6
Net operating costs		(9.6)	(12.8)
Taxes other than income tax	14	(0.1)	-
GROSS OPERATING PROFIT		82.2	99.9
Net expected credit losses on trade and other receivables		0.2	-
Depreciation and amortisation charge, allowances and provisions	15	(29.0)	(28.5)
OPERATING PROFIT		53.4	71.4
Finance costs	16	(7.2)	(8.2)
PROFIT BEFORE TAX		46.2	63.2
Income tax	17	(25.6)	(18.0)
NET PROFIT FOR THE YEAR		20.6	45.2

Net profit for both years comprises total comprehensive income.

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

All results relate to continuing operations.

The accompanying Notes 1 to 22 are an integral part of the Income statement and statement of comprehensive income for the year ended 31 December 2021.

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £m	Retained earnings £m	Total £m
At 1 January 2020	160.0	37.8	197.8
Total comprehensive Income for the year	-	45.2	45.2
Dividends	-	(52.5)	(52.5)
At 1 January 2021	160.0	30.5	190.5
Total comprehensive Income for the year	-	20.6	20.6
Dividends	-	(14.3)	(14.3)
At 31 December 2021	160.0	36.8	196.8

The accompanying Notes 1 to 22 are an integral part of the Statement of changes in equity for the year ended 31 December 2021.

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS
31 December 2021

1 BASIS OF PREPARATION

A COMPANY INFORMATION

ScottishPower Renewables (WODS) Limited, registered company number SC374288, is a private company limited by shares, incorporated in Scotland and its registered address is 320 St. Vincent Street, Glasgow, G2 5AD.

B BASIS OF PREPARATION

B1 BASIS OF PREPARATION OF THE ACCOUNTS

The Company is required by law to prepare accounts and to deliver them to the Registrar of Companies. The Accounts are prepared in accordance with the accounting policies set out in Note 2. Monetary amounts are presented in pounds Sterling and are rounded to the nearest hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis apart from certain financial assets and liabilities which are measured at fair value.

The Accounts contain information about ScottishPower Renewables (WODS) Limited as an individual company and do not contain consolidated financial information as an investor in a joint venture. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated Accounts as it and its joint venture are included by full consolidation in the consolidated Accounts of Scottish Power UK plc ("SPUK").

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

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

- certain disclosures regarding revenue;
- comparative period reconciliation for property, plant and equipment;
- 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 IAS pronouncements;
- disclosures in respect of the compensation of key management personnel; and
- the preparation of a Statement of cash flows and the related notes (applied for the first time in the financial statements for the year ended 31 December 2021).

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

B2 VOLUNTARY CHANGE IN PRESENTATION

B2.1 VOLUNTARY CHANGE TO STATEMENT OF FINANCIAL POSITION

Effective from 1 January 2021, the Company modified the format of its Statement of financial position in line with Iberdrola Group policy to reclassify interest payable from Current trade and other payables to Current loans and other borrowings. This change is deemed to provide more useful information to users of the financial statements and bring the Company into line with industry practice. This is a voluntary change in accounting policy resulting in the restatement of the prior year comparatives. Therefore, in the 2020 Statement of financial position, Current trade and other payables has been reduced by £1.2 million and Current loans and other borrowings increased by £1.2 million. This restatement has had no impact on the net assets position shown on the Statement of financial position or the net profit for the year shown in the Income statement and statement of comprehensive income.

B3 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 1 to 6.

The Statement of financial position presents net current assets of £52.7 million as at 31 December 2021. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

1 BASIS OF PREPARATION *continued*

B BASIS OF PREPARATION *continued*

B3 GOING CONCERN *continued*

The Company is part of ScottishPower which is a significant component of Iberdrola, one of the world's largest integrated utilities. The Company participates in a UK treasury function operated by its intermediate parent company, SPL. The UK treasury function works closely with Iberdrola to manage the Company's funding requirements through the global treasury function.

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 cash flow forecast to December 2023, including the cash flow of longer-term strategies and projects. The cash flow forecast takes account of severe but plausible downsides.

The cash flow forecast indicates that the Company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

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

C ACCOUNTING STANDARDS

C1 IMPACT OF BREXIT

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

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

C2 IMPACT OF NEW IFRS

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

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

Standard	Notes
• Amendments to IFRS 16 'Leases: Covid-19-Related Rent Concessions' and 'Covid-19-Related Rent Concessions beyond 30 June 2021'	(a), (b)
• Amendments to IFRS 9 'Financial Instruments'; IAS 39 'Financial Instruments: Recognition and Measurement'; IFRS 7 'Financial Instruments: Disclosures'; IFRS 4 'Insurance Contracts'; and IFRS 16 'Leases': 'Interest Rate Benchmark Reform - Phase 2'	(b)
• Amendments to IFRS 4 'Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9'	(b)

(a) The first-noted amendment to IFRS 16 makes available a practical expedient around rent concessions affecting payments originally due on or before 30 June 2021 and was applied by the Company on 1 January 2021. The latter amendment extends the time that practical expedient is available and is effective for periods commencing on or after 1 April 2021.

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

NOTES TO THE ACCOUNTS *continued*

31 December 2021

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES

In determining and applying accounting policies, judgement is often required in respect of items which have a significant effect on the reported amounts of assets, liabilities, income and expenses recognised in the financial statements. Other than those involving estimates, the Company has no such judgements. At 31 December 2021, assumptions made about the future and other sources of estimation uncertainty which have risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year relate to decommissioning costs (refer to Note 2G and Note 9).

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

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

A REVENUE

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

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

The supply of ROCs is a performance obligation satisfied at a point in time. Revenue is recognised at the point the customer obtains control of the ROC, which is when the associated electricity is generated, at the unit rate specified in the contract.

Other revenues are recognised based on the consideration specified in a contract with a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in the future. The Company recognises revenue either at a specific point in time or over a period of time based on when control is transferred to the customer based on the performance obligations in the contract.

B PROCUREMENTS

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

C PROPERTY, PLANT AND EQUIPMENT

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

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

	Years
Wind power plants	24
Distribution facilities	24

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

NOTES TO THE ACCOUNTS *continued*

31 December 2021

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

D LEASED ASSETS

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

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

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

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

D1 LESSEE

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

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

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

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

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

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

NOTES TO THE ACCOUNTS *continued*

31 December 2021

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

E. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS

At each reporting date, the Company reviews the carrying amount of its property, plant and equipment and leased assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (the greater of its value-in-use and its fair value less costs to sell) is estimated in order to determine the extent of the impairment loss (if any). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the risks specific to the asset and lease liabilities under IFRS 16.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment is recognised in the Income statement and statement of comprehensive income in the period in which it is identified. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, net of depreciation or amortisation, if no impairment loss had been recognised.

F. 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.

F1 FINANCIAL ASSETS

F1.1 CLASSIFICATION

Financial assets are classified as measured at amortised cost. The classification depends on the Company's business model for managing them to generate cash flows.

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

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

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

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

F1.2 RECOGNITION AND INITIAL MEASUREMENT

(a) Initial recognition and measurement

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

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue except trade receivables without a significant financing component which are measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15").

(b) Subsequent measurement and gains and losses

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

(c) Derecognition

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

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

F FINANCIAL INSTRUMENTS *continued*

F2 FINANCIAL LIABILITIES

F2.1 CLASSIFICATION

Financial liabilities are classified as measured at amortised cost.

F2.2 RECOGNITION AND INITIAL MEASUREMENT

(a) Initial recognition and measurement

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

(b) Subsequent measurement and gains and losses

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

(c) Derecognition

The Company derecognises a financial liability when the obligation under that liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability recognised. The difference in their respective carrying amounts is recognised in the Income statement and statement of comprehensive income.

G DECOMMISSIONING COSTS

Provision is made, on a discounted basis, for the estimated decommissioning costs of the Company's wind farm. Capitalised decommissioning costs are depreciated over the useful lives of the related assets. The unwinding of the discount is included within Finance costs in the Income statement and statement of comprehensive income. The future estimated costs are based on the value of the costs at the reporting date, uplifted for inflation to the end of the useful economic life of the underlying asset, then discounted.

Decommissioning costs are subject to a degree of estimation uncertainty as they are estimated at the reporting date and actual decommissioning will take place in the future. There is also uncertainty over when the actual decommissioning costs will be incurred. The key sources of estimation uncertainty relate to the estimated value of the costs at the reporting date and the discount rate. Sensitivity disclosures are set out in Note 9.

H OTHER OPERATING RESULTS

Other operating results includes compensation and rates rebates received.

I TAXATION

Assets and liabilities for current tax are calculated using the tax rates that have been enacted, or substantively enacted, at the reporting date.

Deferred tax is the tax expected to be payable, or recoverable, on the difference between the carrying amounts of assets and liabilities in the Statement of financial position and the corresponding tax bases used in the computation of taxable profits (temporary differences), and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period in which the liability is expected to be settled, or the asset realised based on tax rates and laws enacted, or substantively enacted, at the reporting date.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income statement and statement of comprehensive income. For income tax arising on dividends, the related tax is recognised in the Income statement and statement of comprehensive income, consistent with the transactions that generated the distributable profits.

J FOREIGN CURRENCIES

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

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

3 PROPERTY, PLANT AND EQUIPMENT

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

Year ended 31 December 2021	Note	Wind power plants £m	Distribution facilities £m	Total £m
Cost:				
At 1 January 2021		670.0	0.5	670.5
Additions	(i)	(0.2)	-	(0.2)
At 31 December 2021		669.8	0.5	670.3
Depreciation:				
At 1 January 2021		174.9	0.1	175.0
Depreciation for the year		28.4	-	28.4
At 31 December 2021		203.3	0.1	203.4
Net book value:				
At 31 December 2021		466.5	0.4	466.9
At 1 January 2021		495.1	0.4	495.5

(i) Additions to wind power plant includes a reduction of £2.3 million resulting from a reassessment of future estimated decommissioning costs

(ii) Included within the cost of property, plant and equipment is capitalised interest of £6.1 million (2020 £6.1 million).

(b) Capital commitments

The Company had no capital commitments at 31 December 2021 (2020 £0.1 million expected to be settled within one year).

4 LEASING

4A LESSEE

The Company leases land. Information about leases for which the Company is a lessee is presented below.

(a) Nature of leases

Land

The Company holds agreements to lease land (including seabeds) and for the assignment of rights to use land, primarily for operational assets, mainly a wind farm, with typical terms running up to 40 years. Certain agreements can be terminated with appropriate notice, generally up to twelve months.

Some leases contain variable lease payments that are based on the output from the wind farm. These payment terms are common for this type of lease. The fixed annual payments for the year were £0.8 million compared to variable payments made of £0.2 million. The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

Other information

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

(b) Right-of-use assets

Year ended 31 December 2020	Note	Land £m
Cost:		
At 1 January 2020		10.4
Adjustments for changes in liabilities	(i)	0.6
At 31 December 2020		11.0
Depreciation:		
At 1 January 2020		0.5
Charge for the year		0.6
At 31 December 2020		1.1
Net book value:		
At 31 December 2020		9.9
At 1 January 2020		9.9

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

4 LEASING *continued*

4A LESSEE *continued*

(b) Right-of-use assets *continued*

	Note	Land £m
Year ended 31 December 2021		
Cost:		
At 1 January 2021		11.0
Adjustments for changes in liabilities	(i)	0.2
At 31 December 2021		11.2
Depreciation:		
At 1 January 2021		1.1
Charge for the year		0.6
At 31 December 2021		1.7

Net book value:

At 31 December 2021	9.5
At 1 January 2021	9.9

(i) Adjustments for changes in liabilities are movements in the right-of-use asset resulting from remeasurement of the associated lease liability to reflect changes to the lease payments due to any reassessment or lease modifications.

(ii) There are no right-of-use assets measured at revalued amounts.

(c) Lease liabilities

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

	2021 £m	2020 £m
Less than one year	1.5	1.4
One to five years	3.5	3.5
More than five years	10.6	11.2
Total undiscounted lease liabilities at 31 December	15.6	16.1
Finance cost	(4.9)	(5.3)
Total discounted lease liabilities	10.7	10.8

Analysis of total lease liabilities

Non-current	9.7	9.9
Current	1.0	0.9
Total	10.7	10.8

Details of ScottishPower's, and therefore the Company's, management strategy for liquidity risks inherent in the Company's lease liability can be found in the most recent Annual Report and Accounts of SPL.

(d) Amounts recognised in the Income statement and statement of comprehensive income

	2021 £m	2020 £m
Interest on lease liabilities	(0.5)	(0.5)
Variable lease payments not included in the measurement of lease liabilities	(0.2)	(0.5)

(e) Total cash outflow for leases

	2021 £m	2020 £m
Total cash outflow for leases	(1.0)	(0.9)

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

5. INVESTMENT IN JOINT VENTURE

			Equity interest in ordinary shares	
Name	Principal activity	Country of incorporation	2021	2020
Joint venture				
Morecambe Wind Limited	Provision of operational services	England and Wales	50%	50%
(a) The carrying value of the investment in Morecambe Wind Limited, which the Company holds directly, is £3 (2020 £3).				
(b) The registered office of the joint venture is 5 Howick Place, London, SW1P 1WG, England.				

6 TRADE AND OTHER RECEIVABLES

	Notes	2021 £m	2020 £m
Current receivables:			
Receivables due from Iberdrola Group companies - trade		58.2	61.8
Receivables due from Iberdrola Group companies - loans		2.1	-
Prepayments due from joint venture		1.8	1.3
Trade receivables and accrued income		0.2	0.2
Prepayments		7.3	9.0
Other tax receivables		1.4	2.2
	(a), (b)	71.0	74.5

(a) Trade and other receivables includes £58.2 million (2020 £62.0 million) of IFRS 15 receivables.

(b) Impairment losses of £0.2 million (2020 £nil) were recognised during the year on receivables arising from the Company's contracts with customers.

7 SHARE CAPITAL

	2021 £m	2020 £m
Allotted, called up and fully paid shares:		
160,000,001 ordinary shares of £1 each (2020 160,000,001)	160.0	160.0

Holders of these ordinary shares are entitled to dividends as declared from time to time; amounts on the capitalisation of profits and reserves; and notice and attendance at general meetings of the Company, with every member entitled to one vote on a show of hands and on a poll one vote for every share held.

8 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY

	Share capital £m	Retained earnings (Note (a)) £m	Total £m
At 1 January 2020	160.0	37.8	197.8
Profit for the year attributable to equity holder of the Company	-	45.2	45.2
Dividends	-	(52.5)	(52.5)
At 1 January 2021	160.0	30.5	190.5
Profit for the year attributable to equity holder of the Company	-	20.6	20.6
Dividends	-	(14.3)	(14.3)
At 31 December 2021	160.0	36.8	196.8

(a) Retained earnings comprises the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders.

9 PROVISIONS

	Note	At 1 January 2020 £m	New provisions £m	Unwinding of discount £m	At 31 December 2020 £m
Year ended 31 December 2020					
Decommissioning	(a)	51.4	4.6	0.6	56.6

SCOTTISHPOWER RENEWABLES (WODS) LIMITED

NOTES TO THE ACCOUNTS *continued*

31 December 2021

9 PROVISIONS *continued*

Year ended 31 December 2021	Note	At 1 January 2021 £m	New provisions £m	Unwinding of discount £m	At 31 December 2021 £m
Decommissioning	(a)	56.6	(2.3)	0.4	54.7

(a) The provision for decommissioning is the discounted future estimated costs of decommissioning the wind farm at the end of its operational life. The decommissioning of the wind farm is expected to begin in 2038. Had the estimated value of the costs at the reporting date been 10.0% higher or lower, this would have resulted in the decommissioning provision being £5.5 million higher and lower respectively. Had the discount rate been 0.25% higher or lower, this would have resulted in the decommissioning provision being £2.5 million lower and higher respectively.

10 LOANS AND OTHER BORROWINGS

Instrument	Interest rate*	Maturity	2021 £m	2020 Restated*
Loans with Iberdrola Group companies	Base + 1%	On demand	-	50.5
Loans with Iberdrola Group companies	3.05%	20 December 2027	200.0	200.0
Accrued interest			0.4	1.2
			200.4	251.7

*Base – Bank of England base rate

Analysis of total loans and other borrowings	2021 £m	2020 Restated*
Non-current	200.0	200.0
Current	0.4	51.7
	200.4	251.7

* Comparative figures have been restated (refer to Note 182).

(a) All loans are repayable in full on maturity.

11 DEFERRED TAX

	Notes	Property, plant and equipment £m
At 1 January 2020		44.6
Charge to the Income statement and statement of comprehensive income	(a), (b)	6.7
At 1 January 2021		51.3
Charge to the Income statement and statement of comprehensive income	(a), (c)	16.6
At 31 December 2021		67.9

(a) At 31 December 2021 the Company had unutilised capital losses of £4.6 million (2020 £4.6 million). No deferred tax asset has been recognised in the Accounts due to the unpredictability of suitable future profit streams against which these losses may be utilised.

(b) Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% as from 1 April 2020. Accordingly, the deferred tax balances as at 1 January 2020, were measured at the 17% rate, this being the tax rate enacted at that time, and the rate temporary differences were expected to reverse at. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 maintained the 19% UK Corporation Tax rate. The 19% rate applied from 1 April 2020. This rate change increased the 31 December 2020 deferred tax liability by £5.2 million.

(c) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 1 January 2021 have been increased by £16.0 million to reflect the rate that the temporary differences are expected to reverse at.

12 TRADE AND OTHER PAYABLES

	2021 £m	2020 Restated*
Current trade and other payables:		
Payables due to joint venture - trade	2.2	1.5
Trade payables	8.0	9.1
	10.2	10.6

*Comparative figures have been restated (refer to Note 182).

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

13 EMPLOYEE INFORMATION

The Company has no employees (2020 none). Details of directors' remuneration are set out in Note 21(b).

14 TAXES OTHER THAN INCOME TAX

	2021 £m	2020 £m
Property taxes	0.1	-

15 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS

	2021 £m	2020 £m
Property, plant and equipment depreciation charge	28.4	27.9
Right-of-use asset depreciation charge	0.6	0.6
	29.0	28.5

16 FINANCE COSTS

	2021 £m	2020 £m
Interest on amounts due to Iberdrola Group companies	6.3	7.1
Unwinding of discount on provisions	0.4	0.6
Interest on lease liabilities	0.5	0.5
	7.2	8.2

17 INCOME TAX

	2021 £m	2020 £m
Current tax:		
UK Corporation Tax charge on profits for the year	9.0	11.3
Current tax for the year	9.0	11.3
Deferred tax:		
Origination and reversal of temporary differences	0.6	1.5
Impact of tax rate change on opening deferred tax balance	16.0	5.2
Deferred tax for the year	16.6	6.7
Income tax expense for the year	25.6	18.0

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

	2021 £m	2020 £m
Corporation Tax at 19% (2020 19%)	8.8	12.0
Impact of tax rate change on opening deferred tax balance	16.0	5.2
Impact of tax rate change on current year charge	0.2	-
Non-deductible expenses and other permanent differences	0.6	0.8
Income tax expense for the year	25.6	18.0

Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% on 1 April 2020. Accordingly deferred tax balances were measured at the 17% rate, this being the tax rate enacted at the reporting date of 31 December 2019, and the rate temporary differences were expected to reverse at. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 that maintained the 19% UK Corporation Tax rate. The 19% rate was applicable from 1 April 2020. This rate change increased the deferred tax liability at 31 December 2020 by £5.2 million.

Further legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation Tax rate to 25% from 1 April 2023. Accordingly deferred tax balances at 1 January 2021 increased by £16.0 million reflecting the rate that the temporary differences are expected to reverse at.

18 DIVIDENDS

	2021 pence per ordinary share	2020 pence per ordinary share	2021 £m	2020 £m
Interim dividend paid	8.9	32.8	14.3	52.5

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

19 CONTINGENT LIABILITIES

As part of the exercise to achieve legal separation of the businesses of SPUK pursuant to the provision of the Utilities Act 2000, the Company and other subsidiary companies of SPUK provided guarantees to external lenders of SPUK for debt existing in that Company at 1 October 2001. The value of debt guaranteed by these companies, which was still outstanding at 31 December 2021 was £765.8 million (2020 £1,057.1 million).

20 FINANCIAL COMMITMENTS

	2021						Total
	2022	2023	2024	2025	2026	2027 and thereafter	
	£m	£m	£m	£m	£m	£m	£m
Contractual commitments	8.8	9.0	9.3	9.5	9.7	25.4	71.7

	2020						Total
	2021	2022	2023	2024	2025	2026 and thereafter	
	£m	£m	£m	£m	£m	£m	£m
Contractual commitments	8.8	9.0	9.2	9.5	9.7	35.9	82.1

21 RELATED PARTY TRANSACTIONS

(a) Transactions and balances arising in the normal course of business (excluding wholly owned subsidiaries of Iberdrola, S.A.)

	2021	2020
	Joint venture £m	Joint venture £m
Types of transaction		
Sales and rendering of services	1.0	1.9
Purchases and receipt of services	(15.3)	(14.0)
Balances outstanding		
Trade and other receivables	1.8	1.3
Trade and other payables	(2.2)	(1.5)

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

(b) Directors' remuneration

The total remuneration of the directors that provided qualifying services to the Company are shown below. As these directors are remunerated for their work for the Renewables business, it has not been possible to apportion the remuneration specifically in respect of services to this Company. All four directors (2020 three) were remunerated by other companies within the Renewables business.

	2021	2020
	£000	£000
Aggregate remuneration in respect of qualifying services	785	875
Aggregate contributions payable to a defined contribution pension scheme	24	31
Number of directors who exercised share options	3	2
Number of directors who received shares under a long-term incentive scheme	3	2
Number of directors accruing retirement benefits under a defined benefit scheme	2	1
Number of directors accruing retirement benefits under a defined contribution scheme	1	1

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

(i) The highest paid director received shares under a long-term incentive scheme during both years.

(ii) The highest paid director exercised share options during both years.

SCOTTISHPOWER RENEWABLES (WODS) LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

21 RELATED PARTY TRANSACTIONS *continued*

(c) Immediate and ultimate parent company

The immediate parent company is SPRUKL. The registered office of SPRUKL is The Soloist, 1 Lanyon Place, Belfast, BT1 3LP.

The directors regard Iberdrola, S.A (incorporated in Spain) as the ultimate parent company, which is also the parent company of the largest group in which the results of the Company are consolidated. The parent company of the smallest group in which the results are consolidated is 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 SPUK, at its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

In addition to the parent undertakings disclosed above, the Company's other related undertaking is disclosed in Note 5.

22 AUDITOR'S REMUNERATION

	2021	2020
	£000	£000
Audit of the Annual accounts	28	28