

**CUMBERHEAD WEST WIND FARM LTD.
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2021**

Registered No. SC535501



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CUMBERHEAD WEST WIND FARM LTD. DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2021. This report has been prepared in accordance with the special provisions relating to small-sized companies under section 415A of the Companies Act 2006. The directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

ACTIVITIES AND REVIEW

The principal activity of Cumberhead West Wind Farm Ltd. ("the Company"), registered company number SC535501, is the development of the Cumberhead West onshore wind farm. This activity will continue for the foreseeable future.

The ultimate parent of the Company is Iberdrola, S.A. ("Iberdrola") which is listed on the Madrid stock exchange. The immediate parent of the Company is ScottishPower Renewables (UK) Limited ("SPRUKL") which owns 72% of the Company's share capital, with the remaining 28% being owned by other external shareholders. 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 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.

In July 2022, the Company was successful in the UK Government's fourth Contracts for Difference auction.

RESULTS AND DIVIDEND

The net loss for the year amounted to £14,803 (nine-month period from 1 April 2020 to 31 December 2020 net loss of £13,321). No dividend was paid during either the current year or prior period.

Notwithstanding net liabilities of £30,231 and net current liabilities of £1,919,425, the Accounts are prepared on a going concern basis. Refer to Note 1B3 for further details.

ScottishPower, and therefore the Company, continues to assess the impact of the war in Ukraine which broke out in early 2022. No material operational issues have arisen to date or are expected, however ScottishPower, and therefore the Company, will continue to monitor the situation and put mitigating actions in place if and when appropriate.

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. The Company utilises debt instruments.

MODERN SLAVERY STATEMENT

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower, 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 has been 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.

DIRECTORS

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

Heather Chalmers White

Stuart Mason (resigned on 7 October 2021)

Yusuf Patel (appointed on 10 December 2021)

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

DIRECTORS' INDEMNITY

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

CUMBERHEAD WEST WIND FARM LTD.

DIRECTORS' REPORT *continued*

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

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

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

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

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

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

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

Disclosure of information to auditor

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

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

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

AUDITOR

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

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

ON BEHALF OF THE BOARD



Heather Chalmers White
Director

16 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERHEAD WEST WIND FARM LTD.

Opinion

We have audited the financial statements of Cumberhead West Wind Farm Ltd. ("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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the Financial Reporting Council ("FRC") Ethical Standard. 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CUMBERHEAD WEST WIND FARM LTD. *continued*

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

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

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 as the company has no revenue generating activities.

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.

Directors' Report

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERHEAD WEST WIND FARM LTD. *continued*

Directors' Report *continued*

Based solely on that work:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

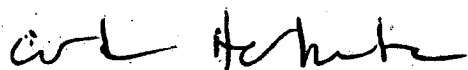
Auditor's responsibilities

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

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

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

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



**Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

319 St. Vincent Street

Glasgow

G2 5AS

16 September 2022

CUMBERHEAD WEST WIND FARM LTD.
STATEMENT OF FINANCIAL POSITION
at 31 December 2021

| | Notes | 2021 £ | 2020 Restated* £ |
|--------------------------------------|-------|------------------|------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 1,893,650 | 995,393 |
| TOTAL NON-CURRENT ASSETS | | 1,893,650 | 995,393 |
| CURRENT ASSETS | | | |
| Current other receivables | 4 | 82,106 | 55,971 |
| Current tax asset | | 2,935 | 451 |
| TOTAL CURRENT ASSETS | | 85,041 | 56,422 |
| TOTAL ASSETS | | 1,978,691 | 1,051,815 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Of shareholders of the parent | | (30,231) | (15,428) |
| Share capital | 5, 6 | 100 | 100 |
| Retained losses | 6 | (30,331) | (15,528) |
| TOTAL EQUITY | | (30,231) | (15,428) |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 7 | 4,456 | 451 |
| TOTAL NON-CURRENT LIABILITIES | | 4,456 | 451 |
| CURRENT LIABILITIES | | | |
| Current loans and other borrowings | 8 | 1,804,758 | 1,044,223 |
| Current trade and other payables | 9 | 199,708 | 22,569 |
| TOTAL CURRENT LIABILITIES | | 2,004,466 | 1,066,792 |
| TOTAL LIABILITIES | | 2,008,922 | 1,067,243 |
| TOTAL EQUITY AND LIABILITIES | | 1,978,691 | 1,051,815 |

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

Approved by the Board and signed on its behalf on 16 September 2022 by:

Heather Chalmers White

Heather Chalmers White
Director

The accompanying Notes 1 to 14 are an integral part of the Statement of financial position at 31 December 2021.

CUMBERHEAD WEST WIND FARM LTD.
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for year ended 31 December 2021

| | | | Nine-month period from 1 April 2020 to 31 December 2020 |
|-------------------------------------|-------|-----------------|---|
| | | 2021 | 2020 |
| | Notes | £ | £ |
| External services | | (13,733) | (13,321) |
| OPERATING LOSS | | (13,733) | (13,321) |
| Finance costs | 10 | - | - |
| LOSS BEFORE TAX | | (13,733) | (13,321) |
| Income tax | 11 | (1,070) | - |
| NET LOSS FOR THE YEAR/PERIOD | | (14,803) | (13,321) |

Net loss for the current year and prior period is wholly attributable to the equity holders of Cumberhead West Wind Farm Ltd.

Net loss for the current year and prior period comprises total comprehensive income.

All results relate to continuing operations.

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

| | Share capital £ | Retained losses £ | Total equity £ |
|---|-----------------------|-------------------------|----------------------|
| At 1 April 2020 | 100 | (2,207) | (2,107) |
| Total comprehensive income for the period | - | (13,321) | (13,321) |
| At 1 January 2021 | 100 | (15,528) | (15,428) |
| Total comprehensive income for the year | - | (14,803) | (14,803) |
| At 31 December 2021 | 100 | (30,331) | (30,231) |

The accompanying Notes 1 to 14 are an integral part of the Income statement and statement of comprehensive income, and the Statement of changes in equity for the year ended 31 December 2021.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS
31 December 2021

1 BASIS OF PREPARATION

A COMPANY INFORMATION

Cumberhead West Wind Farm Ltd. ("the Company"), registered company number SC535501, is a private company limited by shares, incorporated in Scotland and its registered address is 320 St. Vincent Street, Glasgow, Scotland, 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 pound unless otherwise indicated. The Accounts are prepared on the historical cost basis.

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:

- comparative period reconciliation for property, plant and equipment;
- 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 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 period comparatives. Therefore, in the 2020 Statement of financial position, Current trade and other payables has been reduced by £2,376 and Current loans and other borrowings increased by £2,376. 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 Directors' Report on pages 1 and 2.

The Statement of financial position presents net current liabilities of £1,919,425 and net liabilities of £30,231 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.

CUMBERHEAD WEST WIND FARM LTD.
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 the Company's intermediate parent company, SPL. The UK treasury function works closely with Iberdrola to manage the Company's funding requirements, which are reviewed and adjusted on a regular basis through the global treasury function.

Scottish Power UK plc ("SPUK"), an immediate subsidiary of SPL, has indicated its intention to provide the Company with the funding it requires, through the UK treasury function and utilising its committed facilities with SPL, for the period from the date of these financial statements to at least 31 December 2023. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue. However, at the date of approval of these financial statements, they have no reason to believe that SPUK will not do so.

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 31 December 2023. This cash flow forecast takes account of severe but plausible downsides and indicates that the Company's existing resources and facilities and the support noted above from SPUK are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

The cash flow forecast indicates that the Company's existing resources and facilities and the support noted above from SPUK 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 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 IASs 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 EU-adopted IAS 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 period 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 nine-month period from 1 April 2020 to 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.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

1 BASIS OF PREPARATION *continued*
C ACCOUNTING STANDARDS *continued*
C2 IMPACT OF NEW IFRS *continued*

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. | |

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, there were no assumptions made about the future or other major sources of estimation uncertainty which have significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

The Company considers that the impact of climate change risk and opportunities does not create any additional estimation uncertainty.

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

A PROPERTY, PLANT AND EQUIPMENT
B IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT
C FINANCIAL INSTRUMENTS
D TAXATION

A PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the estimated operational lives of the assets once the asset is commissioned. Property, plant and equipment includes capitalised interest and other directly attributable costs. Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

B IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each reporting 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 (the greater of its value-in-use and its fair value less costs to sell) is estimated 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 and the risks specific to the asset.

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.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

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

C 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.

C1 FINANCIAL LIABILITIES

C1.1 CLASSIFICATION

Financial liabilities are classified as measured at amortised cost.

C1.2 RECOGNITION AND 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

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Income statement and statement of comprehensive income. Any gain or loss on derecognition is also recognised in the Income statement and statement of comprehensive income.

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.

D 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 period comprises current and deferred tax. Tax is recognised in the Income statement and statement of comprehensive income.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

3 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in property, plant and equipment

| | Wind power plant in progress £ |
|------------------------------------|--------------------------------------|
| Year ended 31 December 2021 | |
| Cost: | |
| At 1 January 2021 | 995,393 |
| Additions | 898,257 |
| At 31 December 2021 | 1,893,650 |

Net book value:

| | |
|----------------------------|------------------|
| At 31 December 2021 | 1,893,650 |
| At 1 January 2021 | 995,393 |

- (i) Interest on funding attributable to major capital projects was capitalised during the year at a rate of 1.25% (nine-month period ended 31 December 2020 1.10%).
- (ii) Included within the cost of property, plant and equipment is capitalised interest of £17,824 (2020 £2,376).
- (iii) Additions of £81,389 (nine-month period from 1 April 2020 to 31 December 2020 £212,239) were purchased from related parties (refer to Note 13(a)).

(b) Capital commitments

The Company had £64,892 (2020 £64,262) of capital commitments expected to be settled within one year in both periods.

4 OTHER RECEIVABLES

| | 2021 £ | 2020 £ |
|-----------------------------|-----------|-----------|
| Current receivables: | | |
| Other tax receivables | 82,106 | 55,971 |

5 SHARE CAPITAL

| | 2021 £ | 2020 £ |
|---|------------|------------|
| Allotted, called up and fully paid shares: | | |
| 720 A ordinary shares of £0.10 each (2020 720) | 72 | 72 |
| 280 B ordinary shares of £0.10 each (2020 280) | 28 | 28 |
| | 100 | 100 |

Each A ordinary share and B ordinary share has attached to it the same full voting, dividend and distribution rights.

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

| | Share capital £ | Retained losses (Note (a)) £ | Total equity £ |
|---|-----------------------|---------------------------------------|----------------------|
| At 1 April 2020 | 100 | (2,207) | (2,107) |
| Loss for the period attributable to equity holders of the Company | - | (13,321) | (13,321) |
| At 1 January 2021 | 100 | (15,528) | (15,428) |
| Loss for the year attributable to equity holders of the Company | - | (14,803) | (14,803) |
| At 31 December 2021 | 100 | (30,331) | (30,231) |

(a) Retained losses comprises the cumulative balance of profits and losses recognised in the Accounts.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

7 DEFERRED TAX

| | Note | Property, plant and equipment £ |
|--|------|--|
| At 1 April 2020 | | - |
| Charge to the Income statement and statement of comprehensive income | (a) | 451 |
| At 1 January 2021 | | 451 |
| Charge to the Income statement and statement of comprehensive income | (b) | 4,005 |
| At 31 December 2021 | | 4,456 |

- (a) Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% as from 1 April 2020. Accordingly, the deferred tax balances as at 1 April 2020, were measured at the 17% rate, this being the tax rate enacted at that time, and the rate temporary differences were expected to reverse at. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 that maintained the 19% UK Corporation Tax rate. The 19% rate applied from 1 April 2020. This rate change had no impact on the deferred tax balance at 31 December 2020.
- (b) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 1 January 2021 have been increased by £143 to reflect the rate that the temporary differences are expected to reverse at.

8 LOANS AND OTHER BORROWINGS

| Instrument | Interest rate* | Maturity | 2021 £ | 2020 Restated** £ |
|---|----------------|-----------|------------------|-------------------------|
| Loans with Iberdrola Group companies | Base + 1% | On demand | 1,789,310 | 1,041,847 |
| Accrued interest due to Iberdrola Group companies | | | 15,448 | 2,376 |
| | | | 1,804,758 | 1,044,223 |

*Base – Bank of England Base Rate

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

9 TRADE AND OTHER PAYABLES

| | 2021 £ | 2020 Restated* £ |
|---|----------------|------------------------|
| Current trade and other payables: | | |
| Payables due to Iberdrola Group companies - capital | 81,389 | - |
| Trade payables | 13,420 | 13,320 |
| Capital payables and accruals | 104,899 | 9,249 |
| | 199,708 | 22,569 |

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

10 FINANCE COSTS

| | 2021 £ | Nine-month period from 1 April 2020 to 31 December 2020 £ |
|--|-----------|--|
| Interest on amounts due to Iberdrola Group companies | 15,448 | 2,376 |
| Capitalised interest | (15,448) | (2,376) |
| | - | - |

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

11 INCOME TAX

| | | Nine-month period from 1 April 2020 to 31 December 2020 |
|---|----------------|---|
| | 2021 | 2020 |
| | £ | £ |
| Current tax: | | |
| UK Corporation Tax charge on losses for the year/period | (2,935) | (451) |
| Current tax for the year/period | (2,935) | (451) |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 2,935 | 451 |
| Impact of tax rate change on opening deferred tax balance | 143 | - |
| Impact of tax rate change on current year charge | 927 | - |
| Deferred tax for the year/period | 4,005 | 451 |
| Income tax expense for the year/period | 1,070 | - |

Tax on the loss for the year/period varied from the standard rate of UK Corporation tax applicable to the Company as follows:

| | | Nine-month period from 1 April 2020 to 31 December 2020 |
|---|--------------|---|
| | 2021 | 2020 |
| | £ | £ |
| Corporation Tax at 19% (2020 19%) | (2,609) | (2,531) |
| Impact of tax rate change on opening deferred tax balance | 143 | - |
| Impact of tax rate change on current year charge | 927 | - |
| Deferred tax not recognised | 2,609 | 2,531 |
| Income tax expense for the year/period | 1,070 | - |

- (a) The Company has not recognised a deferred tax asset in relation to £13,733 of losses due to the uncertainty over the availability of future taxable profits.
- (b) 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. 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 had no impact on the deferred tax balance at 31 December 2020.
- (c) 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 £143 reflecting the rate that the temporary differences are expected to reverse at.

12 EMPLOYEE INFORMATION

The Company has no employees (nine-month period from 1 April 2020 to 31 December 2020 none).

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

13 RELATED PARTY TRANSACTIONS

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

| | 2021 | | Nine-month period to/as at 31 December 2020 | |
|--|-------------------------|--------------------------------------|--|--------------------------------------|
| | UK parent (SPL) £ | Immediate parent (SPRUKL) £ | UK parent (SPL) £ | Immediate parent (SPRUKL) £ |
| Types of transaction | | | | |
| Purchases and receipt of services | - | (313) | - | - |
| Purchases of property, plant and equipment | - | 81,389 | - | 212,239 |
| Interest costs (excluding ECLs) | (15,448) | - | (2,376) | - |
| Balances outstanding | | | | |
| Loans payable | (1,789,310) | - | (1,041,847) | - |
| Capital payables | - | (81,389) | - | - |
| Interest payable | (15,448) | - | (2,376) | - |

(i) On 28 August 2020, the immediate parent changed from Mitchell Energy Ltd to SPRUKL.

(b) Directors' remuneration

The total remuneration of the directors that provided qualifying services to the Company is shown below. As these directors are remunerated for their work for Renewables, it has not been possible to apportion the remuneration specifically in respect of service to the Company. All three (2020 nine-month period from 1 April 2020 to 31 December 2020 both) of the directors that provided qualifying services were remunerated by other Renewables companies during the year.

| | Nine-month period from 1 April 2020 to 31 December | |
|---|---|--------------|
| | 2021 £000 | 2020 £000 |
| Aggregate remuneration in respect of qualifying services | 427 | 141 |
| Aggregate compensation for loss of office | 173 | - |
| Number of directors who exercised share options | 2 | 2 |
| Number of directors who received shares under a long-term incentive scheme | 2 | 2 |
| Number of directors accruing retirement benefits under a defined benefit scheme | 3 | 2 |

| | Nine-month period from 1 April 2020 to 31 December | |
|------------------------------|---|--------------|
| | 2021 £000 | 2020 £000 |
| Highest paid director | | |
| Aggregate remuneration | 265 | 85 |
| Accrued pension benefit | 125 | 113 |

(i) The highest paid director received shares under a long-term incentive scheme during this year and the prior period.

(ii) The highest paid director exercised share options during this year and the prior period.

(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.

SPRUKL owns 72% of the Company's share capital with the remaining 28% being owned by other external shareholders. 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.

CUMBERHEAD WEST WIND FARM LTD.
NOTES TO THE ACCOUNTS *continued*
31 December 2021

13 RELATED PARTY TRANSACTIONS *continued*

(c) Immediate and ultimate parent company *continued*

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 SPUK may be obtained from SPUK, at its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

The Company has no other related undertakings in addition to the parent undertakings disclosed previously.

14 AUDITOR'S REMUNERATION

| | Nine-month period from 1 April 2020 to 31 December | |
|------------------------------|---|--------|
| | 2021 | 2020 |
| | £ | £ |
| Audit of the Annual accounts | 13,420 | 13,320 |