SCOTTISHPOWER GENERATION (ASSETS) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended to 31 December 2021

Registered No. SC591507

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SCOTTISHPOWER GENERATION (ASSETS) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2021

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SCOTTISHPOWER GENERATION (ASSETS) LIMITED
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

ScottishPower Generation (Assets) Limited ("the Company"), registered company number SC591507, had two principal activities. Firstly, the Company managed the operations of a steam generating plant until that contract ended in May 2020 when the associated plant was also disposed of. The results of operating the steam generating plant have been reported as a discontinued operation within the financial statements (refer to Note 17).

The second principal activity is to minimise the cost of the decommissioning of the Company's non-operational sites with a view to maximising value on their subsequent resale. 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 Scottish Power Retail Holdings Limited ("SPRH"). 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.

Despite net liabilities of £12,189,000, the Accounts, are prepared on a going concern basis, refer to Note 1B2 for further details.

RESULTS AND DIVIDEND

The net profit for the year, in total for both continuing and discontinued, was £2,043,000 (2020 loss of £7,598,000). No dividend was paid during the current or prior years.

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 policies for ScottishPower and how it manages them is included in the most recent Annual Report and Accounts of SPL.

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:

Óscar Fortis Pita
Andrew Ward
Douglas Ness

Douglas Ness resigned on 30 March 2022. Valerie Sim was appointed as a director on 12 April 2022. There have been no other 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.

SCOTTISHPOWER GENERATION (ASSETS) LIMITED
DIRECTORS' REPORT *continued*

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

The directors are responsible for preparing the Directors' Reports 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.

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

Valerie Sim
Director
29 September 2022

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

Opinion

We have audited the financial statements of ScottishPower Generation (Assets) 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 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 at least a year 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/Audit Committee/Group Disclosure Committee 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 and 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 and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgements.

We did not identify any additional fraud risks.

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

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, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence 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, employment law and environmental protection legislation. 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. 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 year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

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.

A Williamson

Andrew Williamson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
30 September 2022

SCOTTISHPOWER GENERATION (ASSETS) LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Notes	2021 £000	2020 £000
ASSETS			
NON-CURRENT ASSETS			
Right-of-use assets	3	-	-
Deferred tax asset	4	**71**	56
NON-CURRENT ASSETS		**71**	56
CURRENT ASSETS			
Inventories	5	**6,438**	6,438
Current trade and other receivables	6	**6,731**	6,300
Current tax asset		-	1,582
CURRENT ASSETS		**13,169**	14,320
TOTAL ASSETS		**13,240**	14,376
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**(12,189)**	(14,232)
Share capital	7, 8	-	-
Retained losses	8	(12,189)	(14,232)
TOTAL EQUITY		**(12,189)**	(14,232)
NON-CURRENT LIABILITIES			
Deferred income	9	-	-
Non-current provisions	10	**13,062**	20,236
Non-current lease liabilities	3	**327**	328
Non-current trade and other payables	11	**4**	4
NON-CURRENT LIABILITIES		**13,393**	20,568
CURRENT LIABILITIES			
Current provisions	10	**10,996**	7,176
Current lease liabilities	3	**6**	58
Current trade and other payables	11	**852**	806
Current tax liabilities		**182**	-
CURRENT LIABILITIES		**12,036**	8,040
TOTAL LIABILITIES		**25,429**	28,608
TOTAL EQUITY AND LIABILITIES		**13,240**	14,376

These Accounts were approved by the Board and signed on its behalf on 29 September 2022 by:

Valerie Sim
Director

The accompanying Notes 1 to 20 are an integral part of the Statement of financial position as at 31 December 2021.

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

		2021			2020		
		Continuing	Discontinued (Note 17)	Total	Continuing	Discontinued (Note 17)	Total
	Notes	£000	£000	£000	£000	£000	£000
Revenue	12	2,159	-	2,159	10	2,311	2,321
Procurements		-	-	-	(13)	(1,780)	(1,793)
GROSS MARGIN/(LOSS)		**2,159**	-	**2,159**	(3)	531	528
Staff costs	13	338	-	338	(533)	-	(533)
External services		(485)	-	(485)	(9,313)	(120)	(9,433)
Other operating results		276	-	276	172	114	286
Net operating costs		**129**	-	**129**	(9,674)	(6)	(9,680)
Taxes other than income tax		**(28)**	-	**(28)**	(39)	-	(39)
GROSS OPERATING PROFIT/(LOSS)		**2,260**	-	**2,260**	(9,716)	525	(9,191)
Net expected credit losses on trade and other receivables		1	-	1	4	-	4
OPERATING PROFIT/(LOSS)		**2,261**	-	**2,261**	(9,712)	525	(9,187)
Finance income	14	58	-	58	100	-	100
Finance costs	15	(118)	-	(118)	(167)	-	(167)
PROFIT/(LOSS) BEFORE TAX		**2,201**	-	**2,201**	(9,779)	525	(9,254)
Income tax	16	(158)	-	(158)	1,749	(93)	1,656
NET PROFIT/(LOSS) FOR THE YEAR		**2,043**	-	**2,043**	(8,030)	432	(7,598)

Net profit/(loss) for both years comprises total comprehensive income.

Net profit/(loss) for both years, both continuing and discontinued, is wholly attributable to the equity holder of ScottishPower Generation (Assets) Limited.

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

	Share capital £000	Retained losses £000	Total £000
At 1 January 2020	-	(6,634)	(6,634)
Total comprehensive income for the year	-	(7,598)	(7,598)
At 1 January 2021	-	(14,232)	(14,232)
Total comprehensive income for the year	-	2,043	2,043
At 31 December 2021	**-**	**(12,189)**	**(12,189)**

The accompanying Notes 1 to 20 are an integral part of the Income statement and statement of comprehensive income, and Statement of changes in equity for the year ended 31 December 2021.

1 BASIS OF PREPARATION

A COMPANY INFORMATION

ScottishPower Generation (Assets) Limited, registered company number SC591507, 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 thousand 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:

- certain disclosures regarding revenue;
- comparative period reconciliation for property, plant and equipment;
- 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 GOING CONCERN

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

The Statement of financial position presents net current assets of £1,133,000 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.

The Company is a 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 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 although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1 BASIS OF PREPARATION *continued*

B BASIS OF PREPARATION *continued*

B2 GOING CONCERN *continued*

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 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 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 IFRSs 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 IFRS. At the end of the transition period, those standards were identical to the EU-adopted IFRS in force on that date, but subsequently the UK has established its own endorsement process to adopt UK-adopted IFRS, interpretations and amendments of IFRS. 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 IFRS. In line with the above, the Accounts for the year ended 31 December 2020 were prepared in accordance with the 'frozen' IFRS 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 IFRS as adopted by the UK.

C2 IMPACT OF NEW IFRS

As noted above, these Accounts have been prepared in accordance with IFRS as adopted by the UK. In preparing these Accounts, the Company has applied all relevant IASs, IFRSs and International Financial Reporting Interpretations Committee interpretations ("IFRICs") (collectively referred to as "IFRS") 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 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, the assumptions made about the future and 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 relate to decommissioning costs. Refer to Note 2H and Note 10 for further details. In determining the net realisable value of land for resale, significant judgement has been applied. Refer to Note 2F for further details.

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

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

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 INVENTORIES – LAND FOR RESALE
G FINANCIAL INSTRUMENTS
H DECOMMISSIONING COSTS
I RETIREMENT BENEFITS
J OTHER OPERATING RESULTS
K TAXATION
L DISCONTINUED OPERATION

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 those goods and services. All revenue is earned wholly within the UK and is wholly attributable to the principal activities of the Company.

The provision of electricity (via ScottishPower Energy Retail Limited) and the provision of steam generating plant (until May 2020) are both performance obligations satisfied over time as the customer simultaneously receives and consumes the benefits of the Company's performance as it is performed. The Company has a right to consideration in an amount that corresponds directly with the value to the customer of the Company's performance to date. Revenue is therefore recognised in the amount to which the Company has a right to invoice based on the value of units supplied during the year and the contractual rates agreed with the customer.

The sale of inventories (i.e non-operational assets) is a performance obligation satisfied at a point in time. Revenue is recognised at the point the customer obtains control of the asset at the price agreed in the contract.

B PROCUREMENTS

Procurements, in 2020, principally comprised the cost of electricity purchased in connection with the discontinued operations of the steam generating plant . Costs were recorded on an accruals basis.

C PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment was stated at cost and depreciated on a straight-line basis over the estimated operational lives of the assets. Property, plant and equipment included, where appropriate, capitalised interest and other directly attributable costs. Reviews of the estimated remaining lives and residual values of property, plant and equipment were undertaken annually. Residual values were assessed based on prices prevailing at each balance sheet date. The depreciation period for the steam generating plant was 20 years.

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, then 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, they have 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.

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

D LEASED ASSETS *continued*

The Company has elected not to separate non-lease components and thus account 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 deprecation 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 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 that 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.

D2 LESSOR

When the Company acts as a lessor, it determines at inception whether each lease is a finance or operating lease. The Company classifies leases as finance leases whenever the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. All other leases are classified as operating leases.

The Company recognises operating leases payments received as income on a straight-line basis over the lease term as part of Other operating results.

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.

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

E IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS *continued*

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 INVENTORIES – LAND FOR RESALE

Land for resale is measured at the lower of cost and net realisable value. Significant judgement is applied in determining whether a write-down is required by comparing the carrying amount to the total estimated selling price less anticipated selling costs. An exercise is carried out at least annually to identify whether a write-down is required. This is based on the most reliable evidence available, at the reporting date, on the local market conditions and the economic circumstances which are expected to prevail in the future.

Estimates of the net realisable value are determined by reference to a number of external factors, such as expected future selling prices and the likelihood of achieving planning consent, which are subject to inherent uncertainty. In addition, it is not possible to determine with accuracy when the land for resale will be realisable.

G 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.

G1 FINANCIAL ASSETS

G1.1 CLASSIFICATION

Financial assets of the Company are classified as measured at amortised cost both at initial recognition and subsequently. The classification of financial assets 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.

G1.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

Trade receivables are initially recognised when they originate. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers'. Other financial assets are initially measured at fair value.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by net 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 recognised in the Income statement and statement of comprehensive income.

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

G FINANCIAL INSTRUMENTS *continued*

G1 FINANCIAL ASSETS *continued*

G1.2 RECOGNITION AND MEASUREMENT *continued*

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Statement of financial position) when the rights to receive cash flows from the asset have expired.

G2 FINANCIAL LIABILITIES

G2.1 CLASSIFICATION

All financial liabilities are classified as measured at amortised cost.

G2.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

All financial liabilities are initially recognised at fair value.

(b) Subsequent measurement and gains and losses

All financial liabilities are classified and 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 the 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.

H DECOMMISSIONING COSTS

Provision is made on a discounted basis for the estimated decommissioning costs of the Company's non-operational sites. The unwinding of the discount is included within Finance costs. The future estimated costs are based on the value of the costs at the reporting date, uplifted for inflation to the expected decommissioning date and 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 10.

I RETIREMENT BENEFITS

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

J OTHER OPERATING RESULTS

Other operating results is principally comprised of lease income and option fees.

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

K 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.

L DISCONTINUED OPERATION

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which represents a separate major line of business or geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

Refer to Note 17 for details of the Company's discontinued operation.

3 LEASING

3A LESSEE

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

(a) Nature of leases

Land

The Company leases land (being the seabed) for the placement of a jetty at a non-operational site with a lease term of 50 years. The annual lease payments are entirely fixed. There are no extension or termination options.

Other equipment

The Company leases temporary site security systems which are considered short-term and the Company has elected not to recognise right-of-use assets and lease liabilities in respect of these.

Other information

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

(b) Right-of-use assets

The carrying value of right-of-use assets at 31 December 2021 was £nil (2020 £nil). The cost of the right-of-use asset, being £353,000, was fully impaired during the year to 31 December 2019. There were no additions to the right-of-use asset in the year (2020 £nil).

3 LEASING *continued*

3A LESSEE *continued*

(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	2020
	£000	£000
Less than one year	18	69
One to five years	74	74
More than five years	736	754
Total undiscounted lease liabilities at 31 December	**828**	897
Finance cost	(495)	(511)
Total discounted lease liabilities	**333**	386

Analysis of total lease liabilities		
Non-current	327	328
Current	6	58
Total	**333**	386

Details of ScottishPower's, and therefore the Company's, risk management strategy for liquidity risks inherent in the Company's lease liability are included in the most recent Annual Report and Account of SPL.

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

		2021	2020
	Note	**£000**	£000
Interest on lease liabilities		**(16)**	(17)
Expenses relating to short-term leases	(i)	**(6)**	(25)

(i) This charge relates to short-term leases for site security. Future commitments relating to the portfolio of short-term leases are expected to be similar to the expense charged in the year.

(e) Total cash outflows for leases

	2021	2020
	£000	£000
Total cash outflow for leases	**(25)**	(24)

3B LESSOR

The Company has contracts to lease land which have been classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. These leases have terms of up to three years.

Lease income recognised by the Company during 2021 was £75,000 (2020 £150,000). This income was in respect of a land lease which expired in June 2021. No income relating to variable lease payments that do not depend on an index or rate have been recognised.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted payments to be received after the reporting date:

	2021	2020
	£000	£000
Less than one year	5	75
Total undiscounted lease payments	5	75

Full details of the risk management strategy for addressing and reducing the risks associated with the retained rights in the underlying assets are described in the most recent Annual Report and Accounts of SPL.

4 DEFERRED TAX ASSET

Deferred tax recognised in the Accounts is as follows:

	Notes	Property, plant and equipment £000	Other temporary differences £000	Total £000
At 1 January 2020		49	80	129
Charge to the Income statement and statement of comprehensive income	(a)	(49)	(24)	(73)
At 1 January 2021		-	56	56
Credit to the Income statement and statement of comprehensive income	(b)	-	15	15
At 31 December 2021		**-**	**71**	**71**

(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 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 asset by £4,000.

(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. This had no impact on the deferred tax balances at 1 January 2021.

5 INVENTORIES

	Note	**2021 £000**	2020 £000
Land for resale	(a)	**6,438**	6,438

(a) Included in Land for resale at 31 December 2021 is land with a carrying value of less than £1,000 (2020 £7,000), which the Company leases to third parties via operating leases.

(b) Inventories with a value of £nil were recognised as an expense during the year ended 31 December 2021 (2020 £65,000).

6 TRADE AND OTHER RECEIVABLES

	Notes	**2021 £000**	2020 £000
Current receivables:			
Receivables due from Iberdrola Group companies - loans	(a)	**6,672**	6,021
Receivables due from Iberdrola Group companies - interest		**58**	100
Trade receivables and accrued income		**-**	107
Prepayments		**1**	-
Other tax receivables		**-**	72
	(b), (c)	**6,731**	6,300

(a) The current loan receivable from SPL is charged interest at the Bank of England Base rate plus 1% and is repayable on demand.

(b) Trade and other receivables at 31 December 2020 included £4,000 of IFRS 15 receivables.

(c) Net credit loss reversals on IFRS 15 receivables of £nil were recognised during the year ended 31 December 2021 (2020 less than £1,000).

7 SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid shares:		
One ordinary share of £1 each (2020 One)	**1**	1

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

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

	Share capital £000	Retained losses (Note (a)) £000	Total £000
At 1 January 2020	-	(6,634)	(6,634)
Loss for the year attributable to equity holder of the Company	-	(7,598)	(7,598)
At 1 January 2021	-	(14,232)	(14,232)
Profit for the year attributable to equity holder of the Company	-	2,043	2,043
At 31 December 2021	-	**(12,189)**	**(12,189)**

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

9 DEFERRED INCOME

	Emissions allowances allocated £000
At 1 January 2020	-
Receivable during year	113
Released to Income statement and statement of comprehensive income	(113)
At 1 January 2021 and 31 December 2021	-

10 PROVISIONS

Year ended 31 December 2020	Notes	At 1 January 2020 £000	New provisions £000	Unwinding of discount £000	Utilised during year £000	Released during year £000	At 31 December 2020 £000
Decommissioning	(a)	20,144	8,326	151	(1,832)	(126)	26,663
Insurance	(b)	870	124	-	(655)	(79)	260
Other	(c)	857	147	-	(515)	-	489
		21,871	8,597	151	(3,002)	(205)	27,412

Year ended 31 December 2021	Notes	At 1 January 2021 £000	New provisions £000	Unwinding of discount £000	Utilised during year £000	Released during year £000	**At 31 December 2021 £000**
Decommissioning	(a)	26,663	193	102	(2,699)	(703)	**23,556**
Insurance	(b)	260	254	-	(140)	(124)	**250**
Other	(c)	489	-	-	(34)	(203)	**252**
		27,412	447	102	(2,873)	(1,030)	**24,058**

Analysis of total provisions	**2021 £000**	2020 £000
Non-current	**13,062**	20,236
Current	**10,996**	7,176
	24,058	27,412

(a) The provision for decommissioning costs is the discounted future estimated costs of decommissioning the Company's non-operational sites. The decommissioning is expected to occur over the period between 2022 and 2067. 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 £2,502,000 higher and lower respectively. Had the discount rate been 0.25% higher or lower, this would have resulted in the decommissioning provision being £1,515,000 lower and higher respectively.

(b) The provision for insurance principally represents the value of claims reserves. The claims are expected to be settled between 2022 and 2024.

(c) The Other category relates to restructuring costs, emission allowances, environmental and legal costs and other items that are not individually sufficiently material to warrant separate disclosure. These remaining provisions are expected to be settled in 2022.

11 TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Current trade and other payables:		
Payables due to Iberdrola Group companies - trade	**8**	8
Payables due to Iberdrola Group companies - interest	**-**	306
Trade payables	**703**	428
Other taxes and social security	**112**	27
Other payables	**29**	37
	852	806
Non-current other payables:		
Other payables	**4**	4

12 REVENUE FROM CONTINUING OPERATIONS

	2021 £'000	2020 £'000
Sale of inventories (non-operational assets)	**2,159**	10

13 EMPLOYEE INFORMATION FOR CONTINUING OPERATIONS

(a) Staff costs

	Note	2021 £000	2020 £000
Wages and salaries		429	531
Social security costs		47	57
Pension and other costs	(i)	(172)	744
Total staff costs		**304**	1,332
Less: included within decommissioning provision utilisation		(642)	(799)
(Credited)/charged to the Income statement and statement of comprehensive income		**(338)**	533

(i) Pension and other costs for the year ended 31 December 2021 includes a credit of £290,000 (2020 charge of £231,000) in relation to pension-related restructuring costs plus a credit of £79,000 (2020 charge of £230,000) in respect of benefit in kind charges.

(b) Employee numbers

The average numbers of employees (full and part-time) employed by the Company, including UK-based directors, were:

	Average 2021	Average 2020
Administrative staff	**1**	2
Operations	**7**	7
Total	**8**	9

(c) Pensions

The Company's pension contributions payable in the year were £197,000 (2020 £190,000). The Company contributes to ScottishPower's defined benefit and defined contribution schemes in the UK and the contributions payable in the year reflect the contributions payable in respect of active participants in the Group schemes who are employed by the Company. Full details of these schemes are provided in the most recent Annual Report and Accounts of SPL. As at 31 December 2021, the net asset in ScottishPower's defined benefit schemes in the UK amounted to £192.2 million (2020 net liability of £558.6 million). The employer contribution rate for these schemes in the year ended 31 December 2021 was 47.9% - 51.0%.

14 FINANCE INCOME FROM CONTINUING OPERATIONS

	2021 £000	2020 £000
Interest receivable from Iberdrola Group companies	**58**	100

15 FINANCE COSTS FROM CONTINUING OPERATIONS

	2021 £000	2020 £000
Unwinding of discount on provisions	**102**	151
Interest on lease liabilities	**16**	17
Net expected credit losses (on loans receivable)	**-**	(1)
	118	167

16 INCOME TAX ON CONTINUING OPERATIONS

	2021 £000	2020 £000
Current tax:		
UK Corporation Tax	**182**	(1,626)
Adjustments in respect of prior years	**(9)**	(147)
Current tax for the year	**173**	(1,773)
Deferred tax:		
Origination and reversal of temporary differences	**-**	1
Adjustments in respect of prior years	**(15)**	27
Impact of tax rate change on opening deferred tax balance	**-**	(4)
Deferred tax for the year	**(15)**	24
Income tax charge/(credit) for the year	**158**	(1,749)

The tax charge/(credit) on profit/(loss) on ordinary continuing activities for the year varied from the standard rate of UK Corporation Tax as follows:

	2021 £000	2020 £000
Corporation Tax at 19% (2020 19%)	**418**	(1,858)
Adjustments in respect of prior years	**(24)**	(120)
Impact of tax rate change on opening deferred tax balance	**-**	(4)
Non-deductible expenses and other permanent differences	**(236)**	233
Income tax charge/(credit) for the year	**158**	(1,749)

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 at 31 December 2019. Further legislation was enacted on 22 July 2020 under the Finance Act 2020 that maintains the 19% UK Corporation Tax rate. The 19% rate applies from 1 April 2020. This rate change increased the deferred tax asset by £4,000. Refer to Note 3(b) for details of future tax rate changes.

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. This had no impact on the deferred tax balances at 1 January 2021.

17 DISCONTINUED OPERATION

The Company managed the operations of a steam generating plant until the contract expired on 31 May 2020. The associated fully written down assets held at that date, and included within property, plant and equipment, were shown as disposals during the year ended 31 December 2020.

(a) Results from discontinued operation

The comparative information presented in the Income statement and statement of comprehensive income presents the discontinued operation separately from continuing operations.

17 DISCONTINUED OPERATION ***continued***

(b) Tax on discontinued operation

	2021 £000	2020 £000
Current tax:		
UK Corporation Tax	-	44
Current tax for the year	-	44
Deferred tax:		
Origination and reversal of temporary differences	-	55
Impact of tax rate change on opening deferred tax balance	-	(6)
Deferred tax for the year	-	49
Income tax charge for the year	-	93

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

	2021 £000	2020 £000
Corporation Tax at 19% (2020 19%)	-	99
Impact of tax rate change on opening deferred tax balance	-	(6)
Income tax charge for the year	-	93

(c) Cash flows from discontinued operation

	2021 £000	2020 £000
Net cash flows from operating activities	-	511
Net cash flows for the year	-	511

18 FINANCIAL COMMITMENTS

At 31 December 2021, the Company had financial commitments due within one year of £16,000 (2020 £16,000).

19 RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The remuneration of the directors that provided qualifying services to the Company is shown below. As these directors are remunerated for their work for the group headed by ScottishPower Retail Holdings Limited, it has not been possible to apportion the remuneration specifically in respect of services to this Company. All of the directors were remunerated by other Iberdrola Group companies in both years.

	2021 £000	2020 £000
Aggregate remuneration in respect of qualifying services	**583**	511
Number of directors who exercised share options	**2**	2
Number of directors who received shares under a long-term incentive scheme	**1**	1
Number of directors accruing retirement benefits under a defined benefit scheme	**2**	2

Highest paid director	2021 £000	2020 £000
Aggregate remuneration	**441**	373
Accrued pension benefit	**65**	58

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

19 RELATED PARTY TRANSACTIONS *continued*

(b) Immediate and ultimate parent company

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

The directors regard Iberdrola, S.A. (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 of the Company 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.

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

20 AUDITOR REMUNERATION

	2021	2020
	£000	£000
Audit of the Company's annual accounts	**27**	27