SPW INVESTMENTS LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2022

Registered No. SC473190

SPW INVESTMENTS LIMITED
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for the year ended 31 December 2022

CONTENTS

SPW INVESTMENTS LIMITED
STRATEGIC REPORT

The directors present their Strategic Report on SPW Investments Limited ("the Company") for the year ended 31 December 2022.

INTRODUCTION

The principal activity of the Company, registered company number SC473190, is that of a holding company. The Company's sole investment is the entire share capital of Scottish Power Limited ("SPL"), the holding company of the Scottish Power Limited Group ("ScottishPower") in the United Kingdom ("UK"). The Company will continue with this activity for the foreseeable future.

The ultimate and immediate parent of the Company is Iberdrola, S.A. ("Iberdrola") which is listed on the Madrid stock exchange.

STRATEGIC OUTLOOK

2022 performance

The Company's net profit for the year was £1,506.0 million (2021 £56.0 million) principally representing dividends received from SPL of £1,500.0 million (2021 £56.0 million).

Financial instruments

The Company has a loan receivable and a short-term cash deposit with Iberdrola Group companies. The Company has exposure to credit risk arising from this financial instrument. Being the risk that a counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk from Iberdrola Group companies is considered to be low as no Iberdrola Group company has a credit rating lower than BBB+ (in line with S&P's external credit ratings).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risk management policy is integrated as part of the risk management policy of Iberdrola. Iberdrola develops and implements risk management policies and procedures and promotes a robust control environment at all levels of the organisation. Further details of Iberdrola's governance structure and risk management are provided in the most recent Annual Report and Accounts of Iberdrola.

The principal risk and uncertainty of the Company, that may impact current and future operational and financial performance and the management of this risk, is described below:

RISK	RESPONSE
The potential for impairment in the value of investments.	Periodic review of operational financial performance of the Company's subsidiaries and joint arrangements.

ENGAGING WITH STAKEHOLDERS

The Company is the immediate parent and holding company of SPL, which is the holding company of ScottishPower.

The importance of engaging with stakeholders

The Company strongly believes that effective and meaningful engagement with stakeholders, is key to promoting its success and values. Meaningful engagement with stakeholder groups supports the ethos of Section 172 of the Companies Act 2006 which states that directors should have regard to stakeholder interests when discharging their duty to promote, in good faith, the success of the Company for the benefit of its members as a whole. Details of how the Company engages with its stakeholders, and how these activities influence the Company's operations, are set out below.

Key stakeholders

The directors are fully aware of their duties under the Companies Act 2006, including as set out in section 172 of the same. The primary responsibility of the board of directors of the Company ("the Board") is to supervise and make decisions as required in relation to the activities of the Company's business and its subsidiaries and joint arrangements in accordance at all times with the Company's corporate governance system and the provisions of all applicable legislation and regulations. The Board has the responsibility of carrying out the day-to-day management, effective administration and ordinary control of the Company.

The Company's key stakeholder is its shareholder. Notwithstanding this, as a holding company and due to the governance framework described above, it also has indirect stakeholders, being the stakeholders of its subsidiary entities. The Company's subsidiary entities have five key stakeholder categories. Further details as to how ScottishPower, and therefore the Company and its subsidiaries, engages with these five stakeholder categories are provided in the most recent Annual Report and Accounts of SPL.

SPW INVESTMENTS LIMITED
STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*
Shareholders are important to the Company. The Company's relationship with its shareholders is governed by the Company's Articles of Association and provisions of the Governance and Sustainability System which apply to the Company and the Iberdrola Group, of which the Company is a member. As the Company is ultimately wholly-owned by Iberdrola, all ultimate shareholder management activities are carried out by Iberdrola in accordance with its own Shareholder Engagement Policy as published at www.iberdrola.com.

SECTION 172 STATEMENT
Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006
The Companies (Miscellaneous) Reporting Regulations 2018 requires the directors of SPW Investments Limited to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

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

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

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

The principal activity of the Company is that of a holding company. The Company's sole investment is the entire share capital of SPL, which is the holding company of ScottishPower. The Company does not have employees, direct business relationships with suppliers or customers, or operations directly affecting the community and the environment. Other than its sole shareholder, the indirect stakeholders of the Company are the stakeholders of ScottishPower. Further details of the stakeholders of the Company are set out in the 'Engaging with Stakeholders' section of the Strategic Report above.

The directors strongly believe that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. The directors, both individually and together as a board, consider that the decisions taken during the year ended 31 December 2022 in discharging the function of the Board, were in conformance with their duty under section 172 of the Companies Act 2006.

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

ON BEHALF OF THE BOARD

Nicola M. Connelly

Nicola Connelly
Director
20 **September 2023**

SPW INVESTMENTS LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2022.

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The directors have chosen to disclose information on the following, required by Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 and 2:

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

STREAMLINED ENERGY AND CARBON REPORTING

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") requires certain companies to present disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency action. The Company is exempt under section 20D.7(a) of the 2018 Regulations from the requirements to present detailed disclosures as it has consumed less than 40,000 kilowatt hours ("kWh") of energy in the UK during the year to 31 December 2022. Details of the information required by the 2018 Regulations relating to the ScottishPower Group are provided in the most recent Annual Report and Accounts of SPL.

RESULTS AND DIVIDEND

The net profit for the year was £1,506.0 million (2021 £56.0 million). No dividend was paid in the current or prior year.

POLITICAL DONATIONS AND EXPENDITURE

The Company is a politically neutral organisation. It is subject to the Political Parties, Elections and Referendums Act 2000, which defines political donations and expenditure in wider terms than would be commonly understood by these phrases. During the year ended 31 December 2022, subsidiaries of the Company paid a total of £30,500 for the sponsorship of conferences and events – activities that may be regarded as falling within the terms of the aforementioned Act. The recipients of these payments were:

- The Conservative Party £7,000 (2021 £7,000)
- The Labour Party £8,000 (2021 £7,000)
- The Scottish National Party £15,500 in partnership with the WWF Scotland (2021 £nil).

The above amounts were for sponsored receptions at the 2022 conferences of the noted parties. These occasions provide an important opportunity for ScottishPower to represent its views on a non-partisan basis to politicians from across the political spectrum and the receptions were open to everyone attending the conference, including party members, non-governmental organisations, the media, and trade unions.

The payments do not indicate support for any particular party.

DIRECTORS

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

Nicola Connelly
Cristina González-Alemán Calleja

At the date of this report, there have been no changes to the composition of the Board since the year end.

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

The directors are responsible for preparing the Annual 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 and prudent;

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

- 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 its 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 Strategic Report and Directors' Report that complies with that law and those regulations.

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

Disclosure of information to auditor

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 2023.

ON BEHALF OF THE BOARD

Nicola M. Connelly

Nicola Connelly
Director
20 **September 2023**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPW INVESTMENTS LIMITED

Opinion

We have audited the financial statements of SPW Investments Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of financial position, Income statement and statement of comprehensive income, Statement of changes in equity and related notes, including the principal 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for 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; and
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPW INVESTMENTS LIMITED *continued*

Fraud and breaches of laws and regulations – ability to detect *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 and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors 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.

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.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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.

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Andrew Williamson

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

21 September 2023

SPW INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Notes	2022 £m	2021 Restated* £m
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	3	**6,329.4**	6,329.4
Non-current other receivables	4	**70.8**	65.5
TOTAL NON-CURRENT ASSETS		**6,400.2**	6,394.9
CURRENT ASSETS			
Current other receivables	4	**802.6**	0.1
Cash and short-term deposits		**700.0**	0.4
TOTAL CURRENT ASSETS		**1,502.6**	0.5
TOTAL ASSETS		**7,902.8**	6,395.4
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**7,901.4**	6,395.4
Share capital	5, 6	1.0	1.0
Other reserves	6	5,008.4	5,008.4
Retained earnings	6	2,892.0	1,386.0
TOTAL EQUITY		**7,901.4**	6,395.4
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Current tax liabilities		**1.4**	-
TOTAL CURRENT LIABILITIES		**1.4**	-
TOTAL LIABILITIES		**1.4**	-
TOTAL EQUITY AND LIABILITIES		**7,902.8**	6,395.4

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

Approved by the Board and signed on its behalf on 20 September 2023.

Nicola M. Connelly

Nicola Connelly
Director

The accompanying Notes 1 to 12 are an integral part of the Statement of financial position at 31 December 2022.

SPW INVESTMENTS LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
External services		-	(0.1)
OPERATING RESULT/(LOSS)		-	(0.1)
Dividends received		1,500.0	56.0
Finance income	7	7.6	0.1
Finance costs	8	(0.2)	-
PROFIT BEFORE TAX		**1,507.4**	56.0
Income tax	9	(1.4)	-
NET PROFIT FOR THE YEAR		**1,506.0**	56.0

Net profit for both years comprises total comprehensive income.

Net profit for both years is wholly attributable to the equity holder of SPW Investments Limited.

All results relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 January 2021	1.0	5,008.4	1,330.0	6,339.4
Total comprehensive income for the year	-	-	56.0	56.0
At 1 January 2022	1.0	5,008.4	1,386.0	6,395.4
Total comprehensive income for the year	-	-	1,506.0	1,506.0
At 31 December 2022	**1.0**	**5,008.4**	**2,892.0**	**7,901.4**

The accompanying Notes 1 to 12 are an integral part of the Income statement and statement of comprehensive income, and the Statement of changes in equity for the year ended 31 December 2022.

SPW INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS
31 December 2022

1 BASIS OF PREPARATION

A COMPANY INFORMATION

SPW Investments Limited, registered company number SC473190, is a private company limited by shares, incorporated in Scotland and its registered office 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 been prepared in accordance with the accounting policies set out in Note 2. Monetary amounts are presented in pounds Sterling and are rounded to the nearest hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

The Accounts contain information about SPW Investments Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies or as the investor in joint ventures. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated Accounts as it and its subsidiary undertakings and joint arrangements are included by full consolidation in the consolidated Accounts of its ultimate parent company Iberdrola, S.A..

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 2022 (refer to Note 1C). 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 advantage of the FRS 101 disclosure exemptions have been taken:

- 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.

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 PRIOR YEAR ADJUSTMENT - CLASSIFICATION OF LOANS RECEIVABLE

IAS 1 'Presentation of Financial Statements' requires that loans should be classified as current or non-current in line with whether the entity expects them to be settled or received within twelve months of the reporting date. Following a review of its loans, the directors identified that certain loans receivable (those due from Iberdrola Group companies which are repayable on demand) were classified as current in the prior year and should have been classified as non-current. The comparatives have been restated for this re-classification. The impact is a decrease of £65.5 million in Current other receivables at 31 December 2021 from £65.6 million as previously reported to £0.1 million and a corresponding increase in Non-current other receivables from £nil as previously reported to £65.5 million. There is no impact on the Company's net assets position at 1 January 2021 or its results for the year ended 31 December 2021.

B3 GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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 2024, including the cash flow of longer-term strategies and projects. The cash flow forecast takes account of severe but plausible downsides.

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

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

1 BASIS OF PREPARATION *continued*

C 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 standards and interpretations 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 2022.

For the year ended 31 December 2022, the Company has applied the following amendments for the first time:

Standard	Note
• Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract'	(a)
• Amendments to IFRS 3 'Business Combinations: Reference to the Conceptual Framework'	(a)
• Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'	(a)
• Annual Improvements to IFRS Standards 2018-2020 Cycle	(a)

(a) 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 and estimation 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. Management considers significant judgements and estimates to be those with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year due to inherent uncertainty regarding estimates and assumptions. There are no significant judgements or estimates at 31 December 2022.

Non-significant judgements and estimates in applying the company's accounting policies – Consideration of climate change

The impact of climate change on the financial statements has been considered. No material impact on the judgements and estimates made in the preparation of the financial statements has been identified. This consideration focussed on the Company's going concern position, including the cash flow prepared for the directors' assessment referred to in Note 1B3.

Additionally, consideration has been given to any estimates over the longer-term which should be disclosed to allow for an understanding of the financial statements. The Company has no estimates of this nature to disclose.

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

A INVESTMENTS
B FINANCIAL INSTRUMENTS
C CASH AND SHORT-TERM DEPOSITS
D TAXATION

A INVESTMENTS

The Company's investments in subsidiaries are stated in the Statement of financial position at cost, or fair value of shares issued as consideration where applicable and are reviewed annually for impairment. Dividends from subsidiaries are recognised when the right to receive the dividend is established.

B 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.

B1 FINANCIAL ASSETS

B1.1 CLASSIFICATION

Financial assets (excluding investments) are classified as measured at amortised cost. 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.

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

B1.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement
All financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

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

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

(d) Impairment of financial assets

(i) Measurement of ECLs
The Company recognises an allowance for ECLs for all debt instruments. ECLs are a probability-weighted estimate of credit losses. The Company has adopted the simplified ECL model for its trade receivables and the general ECL model for all other financial assets measured at amortised cost.

In applying the simplified model, loss allowances for financial assets are measured at an amount equal to lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for, where possible, forward-looking factors specific to the debtors and the economic environment. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and those the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs for all other financial assets are recognised using the general model which works as follows:
- for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses resulting from default events that are considered possible within the next twelve months (a twelve month ECL); and
- for credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

As an exception to the general model, if the credit risk of a financial instrument is low at the reporting date, management can measure impairment using a twelve-month ECL and so it does not have to assess whether a significant increase in credit risk has occurred. In order for this operational simplification to apply, the financial instrument has to meet the following requirements:

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

- it has a low risk of default;
- the borrower is considered, in the short-term, to have a strong capacity to meet its obligations; and
- the lender expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Company considers financial assets to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Company considers this to be BBB- or higher per rating agency

Standard & Poor's. Therefore, all of the Company's financial assets are considered to have low credit risk at both the beginning and end of the reporting period.

The Company considers a financial asset to be in default when:

- internal or external information indicates that the Company is unlikely to receive the outstanding contractual amount in full (before taking into account any credit enhancements held by the Company); or
- the financial asset is more than 90 days past due.

(ii) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are 'credit-impaired'. This is the case when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

C CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the Statement of financial position comprise cash on hand, and term deposits which are readily convertible into a known amount of cash without significant risk of changes in value and have a maturity of less than 90 days at the date of acquisition.

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.

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

3 INVESTMENTS

(a) Movements in investments

	Investment in subsidiaries £m
At 1 January 2021, 1 January 2022 and 31 December 2022	**6,329.4**

3 INVESTMENTS *continued*

(b) Subsidiaries and joint arrangements

The subsidiaries and joint arrangements of the Company at 31 December are set out on the following pages. Entities are indirect holdings unless specified.

Name	Principal activities	Registered office and country of incorporation (Note (viii))	Equity interest in ordinary shares 2022		2021
Energy Networks					
Subsidiaries					
Scottish Power Energy Networks Holdings Limited	Holding company	(A)	100%		100%
SP Distribution plc	Ownership and operation of distribution network within the Central Belt and Southern Scotland area	(A)	100%		100%
SP Manweb plc	Ownership and operation of distribution network within Cheshire, Merseyside, North Shropshire and North Wales area	(B)	100%		100%
SP Network Connections Limited	Design and construction of utility connections	(B)	100%	(i)	100%
SP Power Systems Limited	Provision of asset management services	(A)	100%		100%
SP Transmission plc	Ownership and operation of transmission network within the Central Belt and Southern Scotland area	(A)	100%		100%
Manweb Services Limited	Operation of a private electricity distribution network	(B)	-	(ii)	100%
Joint venture					
NGET/SPT Upgrades Limited	Operation of offshore Western Link High Voltage Direct Current Transmission link	(C)	50%		50%

3 INVESTMENTS *continued*

Name	Principal activities	Registered office and country of incorporation (Note (viii))	Equity interest in ordinary shares 2022		2021
Renewables					
Subsidiaries					
ScottishPower Renewable Energy Limited	Holding company	(A)	100%		100%
Blaenau Gwent Solar Limited (formerly known as EEB14 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Bryn Henllys SF Limited (formerly known as Lightsource SPV 75 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Coldham Windfarm Limited	Operation of an onshore wind farm	(B)	80%		80%
Cumberhead West Wind Farm Ltd.	Development of an onshore wind farm	(A)	72%	(iv)	72%
Douglas West Extension Limited	Development of an onshore wind farm	(A)	72%		72%
Down Barn Farm SF Limited (formerly known as Lightsource SPV 174 Limited)	Development of a solar farm	(D)	100%	(iii)	-
East Anglia One Limited	Operation of an offshore wind farm	(E)	60%		60%
East Anglia One North Limited	Development of offshore wind farm	(E)	100%		100%
East Anglia Three Limited	Development of offshore wind farm	(E)	100%		100%
East Anglia Two Limited	Development of offshore wind farm	(E)	100%		100%
Grafton Underwood Solar Limited (formerly known as EEB28 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Hagshaw Hill Repowering Ltd	Development of an onshore wind farm	(A)	100%		100%
Longney Solar Limited (formerly known as EEB18 Ltd)	Development of a solar farm	(D)	100%	(iii)	-
MachairWind Limited	Development of an offshore wind farm	(A)	100%	(v)	-
Milltown Airfield Solar PV Limited	Development of a solar farm	(D)	100%	(iii)	-
Ranksborough Solar Limited (formerly known as EEB27 Limited)	Development of a solar farm	(D)	100%	(iii)	-
ScottishPower Renewables (UK) Limited	Development, construction and operation of onshore wind farms	(F)	100%		100%
ScottishPower Renewables (WODS) Limited	Operation of an offshore wind farm	(A)	100%		100%
Sparrow Lodge Solar Limited (formerly known as EEB33 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Speyslaw Solar Limited (formerly known as EEB11 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Thurlaston Solar Limited (formerly known as EEB 22 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Tuckey Farm Solar Limited (formerly known as EEB24 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Wood Lane Solar Limited (formerly known as EEB30 Limited)	Development of a solar farm	(D)	100%	(iii)	-
Joint ventures					
CeltPower Limited	Operation of an onshore wind farm	(B)	50%		50%
East Anglia Offshore Wind Limited	Commercial operation of offshore meteorological mast	(E)	50%		50%
Morecambe Wind Limited	Provision of operational services	(G)	50%		50%
Joint operations					
CampionWind Limited	Development of an offshore wind farm	(H)	50%	(v)	-
MarramWind Limited	Development of an offshore wind farm	(H)	50%	(v)	-

3 INVESTMENTS *continued*

Name	Principal activities	Registered office and country of incorporation (Note (viii))	Equity interest in ordinary shares 2022		2021
Energy Retail and Wholesale					
Subsidiaries					
Scottish Power Retail Holdings Limited	Holding company	(A)	100%		100%
ScottishPower (DCL) Limited	Holding company	(B)	100%		100%
ScottishPower Energy Management Limited	Wholesale energy management company engaged in purchase and sale of electricity and gas	(A)	100%		100%
ScottishPower Energy Management (Agency) Limited	Agent for energy management activity of ScottishPower Energy Management Limited and Scottish Power UK plc	(A)	100%		100%
ScottishPower Generation (Assets) Limited	Asset owning company	(A)	100%		100%
ScottishPower (SCPL) Limited	Holding company	(B)	100%		100%
ScottishPower Energy Retail Limited	Supply of electricity and gas to domestic and business customers	(A)	100%		100%
SP Dataserve Limited	Data collection, data aggregation, meter operation and revenue protection	(A)	100%		100%
SP Smart Meter Assets Limited	Provider of smart meter assets and services	(A)	100%		100%
Other					
Subsidiaries					
Scottish Power Limited	Holding company	(A)	100%	(vi)	100%
Scottish Power UK plc	Holding company	(A)	100%		100%
Dormant subsidiaries in liquidation					
SP Gas Transportation Cockenzie Limited	In liquidation	(I)	100%	(i)	100%
SP Gas Transportation Hatfield Limited	In liquidation	(J)	100%	(i)	100%
ScottishPower Investments Limited	In liquidation	(I)	100%	(i)	100%
ScottishPower Renewables (UK Assets) Limited	In liquidation	(I)	100%	(i)	100%

(i) SP Network Connections Limited was placed into member's voluntary liquidation on 26 July 2023. On 7 August 2023 the registered office was changed to Johnson Carmichael, Birchin Court, 20 Birchin Lane, London, EC3V 9DU. SP Gas Transportation Cockenzie Limited, ScottishPower Investments Limited, ScottishPower Renewables (UK Assets) Limited and SP Gas Transportation Hatfield Limited were placed into member's voluntary liquidation on 10 December 2020, 14 June 2021, 22 June 2021 and 28 October 2021 respectively. SP Gas Transportation Hatfield Limited, ScottishPower Renewables (UK Assets) Limited and SP Gas Transportation Cockenzie Limited were dissolved on 8 February 2023, 12 April 2023 and 18 April 2023 respectively.

(ii) On 20 December 2022, SP Manweb plc, a subsidiary of the Company, disposed of the entire shareholding in Manweb Services Limited. Until its disposal the registered address of Manweb Services Limited was 3 Prenton Way, Prenton, CH43 3ET.

(iii) ScottishPower Renewables (UK) Limited ("SPRUKL"), a subsidiary of the Company, acquired the entire share capital of the following entities on the date stated for a total consideration of £40.9 million:

• Blaenau Gwent Solar Limited (formerly known as EEB14 Limited)	31 October 2022
• Bryn Henllys SF Limited (formerly known as Lightsource SPV 75 Limited)	5 January 2022
• Down Barn Farm Limited (formerly known as Lightsource SPV 174 Limited)	5 January 2022
• Grafton Underwood Solar Limited (formerly known as EEB28 Limited)	13 January 2022
• Longney Solar Limited (formerly known as EEB18 Limited)	20 May 2022
• Milltown Airfield Solar PV Limited	13 January 2022
• Ranksborough Solar Limited (formerly known as EEB27 Limited)	20 May 2022
• Sparrow Lodge Solar Limited (formerly known as EEB33 Limited)	13 January 2022
• Speyslaw Solar Limited (formerly known as EEB11 Limited)	13 January 2022
• Thurlaston Solar Limited (formerly known as EEB22 Limited)	13 January 2022
• Tuckey Farm Solar Limited (formerly known as EEB24 Limited)	13 January 2022
• Wood Lane Solar Limited (formerly known as EEB30 Limited)	13 January 2022

(iv) The shareholding in this company is held by SPRUKL. On 7 March 2023, SPRUKL acquired the remaining 28% of share capital in this entity.

(v) MachairWind Limited was incorporated on 12 January 2022 and is a direct and wholly owned subsidiary of SPRUKL. CampionWind Limited and MarrramWind Limited were also incorporated on 12 January 2022 and are 50% joint operations held by SPRUKL.

3 INVESTMENTS *continued*

(vi) Scottish Power Limited is a direct holding of SPW Investments Limited.

(vii) On 21 June 2023 ScottishPower Renewables (UK) Limited acquired the entire share capital of Pipplepen Solar Limited (formerly known as EEB37 Limited). Pipplepen Solar Limited is incorporated in England and Wales and its registered address is 4th Floor, 1 Tudor Street, London, EC4Y 0AH, England.

(viii) The registered offices of the subsidiaries and joint ventures are as listed below, along with their countries of incorporation. Where a company's registered office is in England it is registered in England and Wales.
(A) 320 St. Vincent Street, Glasgow, G2 5AD, Scotland
(B) 3 Prenton Way, Prenton, CH43 3ET, England
(C) 1–3 Strand, London, WC2N 5EH, England
(D) 4th Floor,1 Tudor Street, London, EC4Y 0AH, England
(E) 3rd Floor,1 Tudor Street, London, EC4Y 0AH, England
(F) The Soloist, 1 Lanyon Place, Belfast, BT1 3LP, Northern Ireland
(G) 5 Howick Place, London, SW1P 1WG, England
(H) 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
(I) Johnston Carmichael, 227 West George Street, Glasgow, G2 2ND, Scotland
(J) Johnston Carmichael, 7 - 11 Melville Street, Edinburgh, EH3 7PE, Scotland

For those entities incorporated in Scotland, Northern Ireland and England and Wales, the principal place of business is considered to be the United Kingdom; for all other entities, the country of incorporation is the principal place of business.

(ix) On 22 August 2023 SP Transmission plc, a subsidiary of the Company, became the beneficial owner of 50% of the issued share capital in Eastern Green Link 1 Limited, a recently incorporated company, to establish an incorporated joint arrangement with National Grid Electricity Transmission plc. Eastern Green Link 1 Limited is incorporated in England and Wales and its registered address is 1 – 3 Strand, London, WC2N 5EH.

4 OTHER RECEIVABLES

	Note	2022 £m	2021 Restated* £m
Current receivables:			
Receivables due from Iberdrola Group companies - loans	(a)	**800.0**	-
Receivables due from Iberdrola Group companies - interest		**2.6**	0.1
		802.6	0.1
Non-current receivables:			
Receivables due from Iberdrola Group companies - loans	(a)	**70.8**	65.5

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

(a) Interest on loans due from Iberdrola Group companies is payable at the Bank of England base rate plus 0.7291%. At 31 December 2021 the interest rate was London Inter-Bank Offer Rate ("LIBOR") plus 0.4868%. As a result of Interest Rate Benchmark Reform, as of 1 January 2022, all debt instruments which referenced LIBOR were amended to reference the Bank of England base rate plus a Credit Adjustment Spread ("CAS"). The loans are repayable on demand. The portion of the loans expected to be realised after twelve months from the reporting date are classified as non-current. Refer to Note 1B2.

5 SHARE CAPITAL

	2022 £m	2021 £m
Allotted, called up and fully paid shares:		
1,000,100 ordinary shares of £1 each (2021 1,000,100)	**1.0**	1.0

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.

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

	Share capital £m	Other reserves (Note (a)) £m	Retained earnings (Note (b)) £m	Total £m
At 1 January 2021	1.0	5,008.4	1,330.0	6,339.4
Profit for the year attributable to equity holder of the Company	-	-	56.0	56.0
At 1 January 2022	1.0	5,008.4	1,386.0	6,395.4
Profit for the year attributable to equity holder of the Company	-	-	1,506.0	1,506.0
At 31 December 2022	**1.0**	**5,008.4**	**2,892.0**	**7,901.4**

(a) On 1 April 2014 the Company issued 1,000,000 ordinary shares of £1 each to Iberdrola in exchange for the entire share capital of SPL. The difference between the nominal value of the shares issued and the deemed fair value of the shares issued was credited to Other reserves, which is non-distributable.

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

7 FINANCE INCOME

	2022 £m	2021 £m
Interest receivable from Iberdrola Group companies	**7.6**	0.1

8 FINANCE COSTS

	2022 £m	2021 £m
ECLs on debt instruments	**0.2**	-

9 INCOME TAX

	2022 £m	2021 £m
Current tax:		
UK Corporation Tax on profits for the year	**1.4**	-
Current tax for the year	**1.4**	-
Income tax expense for the year	**1.4**	-

Tax on the profit for the year varied from the standard rate of UK Corporation Tax applicable to the Company as follows:

	2022 £m	2021 £m
Corporation Tax at 19% (2021 19%)	**286.4**	10.6
Dividends from subsidiaries	**(285.0)**	(10.6)
Income tax expense for the year	**1.4**	0.0

Legislation was substantively enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation Tax rate to 25% from 1 April 2023.

10 EMPLOYEE INFORMATION

The Company has no employees (2021 none).

11 RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The directors performed a minimal amount of qualifying services to the Company and consequently received no remuneration.

(b) Immediate and ultimate parent company

The directors regard Iberdrola, S.A. (incorporated in Spain) as the immediate and ultimate parent company, which is also the parent company of the only group in which the results of the Company are consolidated.

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.

In addition to the parent undertaking disclosed above, the Company's other related undertakings are disclosed in Note 3.

12 AUDITOR'S REMUNERATION

	2022	2021
	£000	£000
Audit of the Company's annual accounts	**9**	7