

**SP SMART METER ASSETS LIMITED  
ANNUAL REPORT AND ACCOUNTS  
for the year ended 31 December 2024**

Registered No. SC554085

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for the year ended 31 December 2024**

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## SP SMART METER ASSETS LIMITED

### STRATEGIC REPORT

The directors present their Strategic Report on SP Smart Meter Assets Limited ("the Company") for the year ended 31 December 2024. This includes an overview of the Company's structure, strategic outlook including 2024 performance, and principal risks and uncertainties.

#### INTRODUCTION

The principal activity of the Company, registered company number SC554085, is the provision of smart meter assets.

The ultimate parent of the Company is Iberdrola, S.A. ("Iberdrola") whose shares are listed on all four stock markets in Spain. 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 ScottishPower Group ("ScottishPower") of which the Company is a member.

The Company is part of ScottishPower's Customer business. The Customer business is responsible for the supply of electricity and gas to domestic and business customers throughout the UK. The Customer business is also responsible for the associated metering activity, the smart meter installation programme and managing the smart solutions and green hydrogen activities.

#### STRATEGIC OUTLOOK

##### Operating review

UK energy suppliers have been mandated by the UK Government to offer a smart meter to all domestic and small and medium-sized enterprise ("SME") business customers in one of the biggest UK-wide infrastructure programmes ever undertaken. The Company finances the purchase and installation of smart meter assets under an agreement with ScottishPower Energy Retail Limited ("SPERL") (a fellow ScottishPower Group company), and supports SPERL's smart meter rollout obligations. The Company charges for meter provision on a periodic basis; initially to SPERL as the installing supplier and other suppliers should a customer decide to switch supplier.

The Company strongly supports the aims and objectives of the smart meter programme and believes that this investment in its infrastructure is critical to realising the smart energy future that it aspires to deliver for its customers, for its business, and to enable the UK to meet its legally binding target of net zero emissions by 2050.

The Company focuses on managing and tracking the portfolio of smart meters installed through the UK supplier electricity and gas network and ensuring that the returns from the significant investment made are maximised.

##### 2024 performance

Financial key performance indicators	Revenue*		Operating profit*		Capital investment**	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
	77.7	70.4	36.5	31.1	72.9	83.2

\*Revenue and Operating profit as presented on page 14.

\*\*Capital Investment for 2024 is presented in Note 3 on page 19.

Revenue increased by £7.3 million, largely driven by increased numbers of installed meters in the portfolio.

Operating profit increased by £5.4 million. This is primarily due to higher revenue offset by an increased depreciation charge as a result of a larger portfolio of meters.

Capital expenditure decreased by £10.3 million primarily due to a reduced level of investment in Property, plant and equipment compared to prior year.

##### Outlook for 2025 and beyond

The Company remains in a strong position for 2025 and beyond, now with over 2.7 million smart meters installed.

The shareholders of the Company are considering the sale of the Company and the intentions of any potential acquirer are not certain. The directors are therefore unable to assess or control all scenarios for the Company's future. As set out in Note 1B2, although this indicates a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

**SP SMART METER ASSETS LIMITED**  
**STRATEGIC REPORT *continued***

**STRATEGIC OUTLOOK *continued***

**Financial instruments**

In the current year, the Company's financial instruments include Trade and other receivables, Trade and other payables, Loans and other borrowings and Other financial liabilities. The Company has exposure to credit risk and treasury risk (comprising both liquidity and market risk) arising from these financial instruments.

Credit risk is 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 in respect of customers is mitigated by contracting with multiple counterparties and limiting exposure to individual counterparties to clearly defined limits based upon the risk of counterparty default. 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 the external credit ratings from S&P Global Ratings).

Liquidity risk is the risk that the Company will have insufficient funds to meet its liabilities and market risk is the risk of loss that results from changes in market rates (e.g. interest rates). Both are managed by ScottishPower's Treasury department who are responsible for arranging banking facilities on behalf of the Company. The Company produces short-term rolling cash flow requirements and if necessary any required funding is obtained via ScottishPower credit facilities already in place.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

The principal risks and uncertainties of the Company, that may impact current and future operational and financial performance and the management of these risks are described on pages 2 to 4:

<b>REGULATORY AND POLITICAL RISK</b>	
<b>RISK</b>	<b>RESPONSE</b>
Compliance with regulatory obligations especially in the context of sudden changes of policy, or interventions outside established regulatory frameworks.	Positive and transparent engagement with all appropriate stakeholders to ensure that long-term regulatory stability and political consensus is maintained, and public backing is secured for the necessary investment in the UK energy system. Providing stakeholders with evidence of the risks of ad hoc intervention in markets.

<b>CLIMATE CHANGE</b>	
<b>RISK</b>	<b>RESPONSE</b>
The risk that the Company's strategy, investments or operations have a significant impact on the environment and on national and international targets to tackle climate change, or that climate change has a significant impact on the Company's assets.	The Company is committed to reducing its environmental footprint and responding to the risks and opportunities of climate change by: <ul style="list-style-type: none"><li>reducing emissions to air, land and water and preventing environmental harm;</li><li>identifying and managing climate risks and opportunities, and implementing adaptation measures where required;</li><li>minimising energy consumption and use of natural and human-made resources; and</li><li>sourcing material resources responsibly, cutting waste and encouraging reuse and recycling.</li></ul>

**SP SMART METER ASSETS LIMITED**  
**STRATEGIC REPORT *continued***

**PRINCIPAL RISKS AND UNCERTAINTIES *continued***

<b>GLOBAL FINANCIAL MARKET VOLATILITY</b>	
<b>RISK</b>	<b>RESPONSE</b>
Impacts arising from market and regulatory reactions to geopolitical events. As well as positive or negative changes in the UK economy.	<p>Positive and transparent engagement with all appropriate stakeholders to ensure that long-term regulatory stability and political consensus is maintained, and public backing is secured for the necessary investment in the UK energy system. Providing stakeholders with evidence of the risks of ad hoc intervention in markets. In addition to monitoring ongoing developments, the Company has specific procedures in place to manage these key market risks.</p> <p>The Company adheres to a ScottishPower treasury risk management policy to mitigate financial risks which is discussed further within the 'Financial instruments' section on page 2.</p>

<b>HEALTH AND SAFETY</b>	
<b>RISK</b>	<b>RESPONSE</b>
A major health and safety incident in the course of operations could impact contractors, communities or the environment.	<p>The Company has certified management systems in place to deliver activities as safely as possible. In addition, a ScottishPower Health and Safety function exists and provides specialist services and support for the Company in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes is established, which aims to ensure not only continuing legal compliance but also to drive towards best practice in all levels of health and safety operations.</p>

<b>SUPPLY CHAIN RISKS</b>	
<b>RISK</b>	<b>RESPONSE</b>
Interruption due to geopolitical circumstances and higher costs as a result of movements in commodity prices, increased risk of supplier failure due to the deterioration of industrialised economies and excess demand over supply.	<p>Identifying potential shortages, delays and gaps in the supply of products and equipment. The supply chain is advised by the ScottishPower Procurement department in conjunction with advice from the Scottish Power Compliance, Legal and Risk departments. The upward pressure on costs due to the macroeconomic environment is managed, and strategies, such as expanding the Company's supplier base, are developed and implemented. The risk is spread through supply chain engagement.</p>

## SP SMART METER ASSETS LIMITED

### STRATEGIC REPORT *continued*

#### PRINCIPAL RISKS AND UNCERTAINTIES *continued*

CYBER SECURITY	
RISK	RESPONSE
<p>The Company operates within an environment where there is the presence of sophisticated and opportunistic cyber security threat actors motivated to identify and take advantage of flaws and weaknesses in the Company's cyber security defences. The Company, in alignment with UK Regulation, takes the protection of its Data very seriously. The Company, as part of ScottishPower, continues to invest significantly in its processes and technologies to enhance its capabilities to prevent, detect and respond to security threats.</p> <p>The main risks are the confidentiality, integrity, and availability of key information assets as well as other cyber security risks impacting reputation.</p>	<p>The Company, as part of ScottishPower, continues to focus on enterprise security risks through enhanced internal governance, complemented by the adoption of a 'three lines of defence' model with clear roles and responsibilities established. This has involved the appointment of a ScottishPower Chief Information Security Officer as well as the appointment of a Business Information Security Officer for the division.</p> <p>These risks are managed in accordance with the basic principles defined in internal cyber security rules promoting the safe handling of data, use of IT and communications systems, use of operational technology systems and assets, and other cyber assets, reinforcing detection, prevention, defence, and response capabilities against possible attacks.</p> <p>The Iberdrola Group, of which the Company is a part, currently has specific insurance against cyber risks, under the terms allowed by the insurance market, which is revised and updated periodically in view of the rapid evolution and wide variety of cyber risks.</p>

The Company continues to monitor and assess the impact of additional security risks as a result of terrorism, war and other world events and will put mitigating actions in place if, and when, appropriate.

#### ENGAGING WITH STAKEHOLDERS

##### 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 Company, has four key stakeholder categories: customers; government and regulators; suppliers and contractors; and community and environment.

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

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 ScottishPower, 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](http://www.iberdrola.com).

##### CUSTOMERS

The Company's main customer is SPERL, as well as external energy suppliers. The Company's other customers are account-managed involving regular direct contact to ensure the services provided are in line with contractual agreements.

## SP SMART METER ASSETS LIMITED

### STRATEGIC REPORT *continued*

#### ENGAGING WITH STAKEHOLDERS *continued*

##### GOVERNMENT AND REGULATORS

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

##### SUPPLIERS AND CONTRACTORS

As part of ScottishPower, the Company's engagement with its suppliers and contractors is driven by the decisions, policies and procedures in place at a ScottishPower level. The directors of the Company ensure that in applying these ScottishPower decisions, policies and procedures they are meeting their duties to the Company.

The Company's suppliers have a key role to play in the delivery of the Company's projects and services that will provide a low-carbon future for the UK. The Company aims to develop and maintain strong relationships across its supply base with a focus on health and safety, quality, cost and sustainability. The Company expects its suppliers to operate to a high standard including working in an ethical and sustainable manner, and the Company has a range of policies that all suppliers must adhere to, including the ScottishPower Code of Ethics. The Company has built in cyber security checks and monitoring as part of its tendering and supply chain relationships.

##### COMMUNITY AND ENVIRONMENT

The Company continually strives to be a trusted, respected and integrated part of the community, by operating with integrity, transparency, and working closely within the community to build relationships. The Company is committed to being a good neighbour throughout all its operations to ensure the benefits are realised in local areas by helping to create local employment and enabling improvements to local infrastructure and services.

The Company is committed to reducing its environmental footprint and responding to the risks and opportunities of climate change by:

- reducing emissions to air, land and water and preventing environmental harm;
- identifying and managing climate risks and opportunities, and implementing adaption measures where required;
- minimising energy consumption and use of natural and man-made resources; and
- sourcing material resources responsibly, cutting waste and encouraging reuse and recycling.

##### MODERN SLAVERY STATEMENT

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower, and therefore 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 is subject to annual approval by the board of directors of SPL. This statement is published on the ScottishPower website at: [www.scottishpower.com](http://www.scottishpower.com).

##### INNOVATION

It has never been more important that ScottishPower, and therefore the Company, continues to innovate and drive forward towards the goal of a decarbonised smart energy future. By championing innovative technologies, bringing down the costs of decarbonisation and ensuring that no communities are left behind on the road to net zero, ScottishPower continues to lead by example in making sure clean, affordable energy is available to all.

The Company's smart meter asset provision ("MAP") business finances and manages approximately 2.7 million smart meters across the UK. Established in 2017, the team comprises procurement, commercial, technical, and operational specialists. Today, it is recognised as a major meter asset provider, thanks to its impressive performance in the energy industry and being part of the wider Iberdrola Group. The Company is focused on significantly growing its asset portfolio to meet the needs of the Customer business' energy customers, using a diverse global supply chain. The smart MAP business plays an active role in the smart meter rollout programme, with its smart meters used by energy suppliers across the market.

## SP SMART METER ASSETS LIMITED

### STRATEGIC REPORT *continued*

#### 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 SP Smart Meter Assets 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 of the board of the Company ("the Board") acknowledge and understand their duties and responsibilities, including that, under Section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The delivery of the 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 by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under Section 172 of the Companies Act 2006 have been considered.

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

- **Customers:** details of how the Company engages with its customers are explained in the 'Customers' section of the Strategic Report, on page 4. During 2024, the Board noted that the Company's main customers were SPERL, an affiliate of the Company, as well as external energy suppliers, and that the Company's other customers were account-managed involving regular direct contact to ensure the services provided were in line with contractual agreements.
- **Communities and the environment:** details of how the Company, engages with communities and considers the environment are set out in the 'Community and environment' section of the Strategic Report, on page 5. During 2024, the Board reaffirmed that the Company continues to be committed to being a good neighbour throughout all its operations and reducing its environmental footprint by reducing its emissions to air, land and water and preventing environmental harm.
- **Suppliers and contractors:** details of how the Company, engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report, on page 5. During 2024, the Board acknowledged that the Company aims to develop and maintain strong relationships across its supply base with a focus on health and safety, quality, cost and sustainability.
- **Government and regulators:** details of how the Company, engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report, on page 5. During 2024, the Board noted that the Company aims to contribute to the delivery of a UK energy system that functions in the interests of customers now, and in the future, including achievement of the UK and Scottish Governments' net zero decarbonisation targets.

In addition, a statement in relation to the Company's interaction with its shareholders is described in the introduction to the 'Engaging with stakeholders' section of the Strategic Report on page 4.

The directors, both individually and together as a board, consider that the decisions taken during the year ended 31 December 2024 in discharging the function of the Board were in conformance with their duty under Section 172 of the Companies Act 2006.

**SP SMART METER ASSETS LIMITED**  
**STRATEGIC REPORT *continued***

**SECTION 172 STATEMENT *continued***

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

**ON BEHALF OF THE BOARD**

*Caireen Devanney*

**Caireen Devanney**  
Director  
23 April 2025

## **SP SMART METER ASSETS LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and audited Accounts for the year to 31 December 2024.

#### **INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT**

The directors have chosen to disclose information on the following, required by the Companies Act 2006, to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 7:

- information on financial risk management and policies;
- information regarding future developments of the Company's business; and
- information in relation to innovation activities.

#### **RESULTS AND DIVIDEND**

The net profit for the year amounted to £13.2 million (2023 £10.1 million). A dividend of £8.9 million was paid during the year (2023 £13.1 million).

#### **DIRECTORS**

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

Katherine O'Hagan

Nicola Connelly (resigned 18 June 2024)

Caireen Devanney (appointed on 27 June 2024)

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

#### **DIRECTORS' INDEMNITY**

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable 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 Strategic Report and a Directors' Report that complies with that law and those regulations.

**SP SMART METER ASSETS LIMITED**  
**DIRECTORS' REPORT *continued***

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

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

**Disclosure of information to auditor**

Each of the directors in office 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 2025.

**ON BEHALF OF THE BOARD**



**Caireen Devanney**  
Director  
23 April 2025

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SP SMART METER ASSETS LIMITED

### Opinion

We have audited the financial statements of SP Smart Meter Assets Limited ("the Company") for the year ended 31 December 2024 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 2024 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.

### Material uncertainty related to going concern

We draw attention to note 1B2 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on continued financial support from its intermediate parent company and the outcome of its potential sale, which might result in a change in the ownership of the Company. These events and conditions, along with the other matters explained in note 1B2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

As required by auditing standards, we performed 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, the Company's revenues consist 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 SP SMART METER ASSETS 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.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

***Identifying and responding to risks of material misstatement related to 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 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: GDPR compliance, health and safety legislation, fraud, corruption, bribery legislation 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 fraud 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SP SMART METER 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on pages 8 to 9, 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](http://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.



**Nikki Palfreman (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
319 St. Vincent Street  
Glasgow  
G2 5AS  
24 April 2025

**SP SMART METER ASSETS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**at 31 December 2024**

	Notes	2024 £m	2023 £m
<b>NON-CURRENT ASSETS</b>			
Intangible assets		0.5	0.5
Property, plant and equipment	3	360.2	340.0
		<b>360.7</b>	<b>340.5</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4	12.7	11.6
Current tax asset		9.7	12.6
		<b>22.4</b>	<b>24.2</b>
<b>TOTAL ASSETS</b>		<b>383.1</b>	<b>364.7</b>
<b>EQUITY</b>			
Share capital			
Retained earnings		13.5	9.2
<b>TOTAL EQUITY</b>		<b>13.5</b>	<b>9.2</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and other borrowings	5	100.0	100.0
Deferred tax liabilities	6	69.1	53.7
		<b>169.1</b>	<b>153.7</b>
<b>CURRENT LIABILITIES</b>			
Loans and other borrowings	5	182.2	184.0
Other financial liabilities	7	7.4	
Trade and other payables	8	10.9	17.8
		<b>200.5</b>	<b>201.8</b>
<b>TOTAL LIABILITIES</b>		<b>369.6</b>	<b>355.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>383.1</b>	<b>364.7</b>

Approved by the Board and signed on its behalf on 23 April 2025.

*Caireen Devanney*

**Caireen Devanney**  
**Director**

The accompanying Notes 1 to 15 are an integral part of the Statement of financial position at 31 December 2024.

**SP SMART METER ASSETS LIMITED**  
**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2024**

	Notes	2024 £m	2023 £m
<b>Revenue</b>		<b>77.7</b>	<b>70.4</b>
<b>GROSS MARGIN</b>		<b>77.7</b>	<b>70.4</b>
External services		(3.2)	(3.4)
Other operating results		14.7	10.3
<b>Net operating costs</b>		<b>11.5</b>	<b>6.9</b>
<b>GROSS OPERATING PROFIT</b>		<b>89.2</b>	<b>77.3</b>
Net expected credit losses on trade and other receivables		0.1	0.1
Depreciation and amortisation charge, allowances and provisions	9	(52.8)	(46.3)
<b>OPERATING PROFIT</b>		<b>36.5</b>	<b>31.1</b>
Finance costs	10	(18.9)	(16.5)
<b>PROFIT BEFORE TAX</b>		<b>17.6</b>	<b>14.6</b>
Income tax	11	(4.4)	(4.5)
<b>NET PROFIT FOR THE YEAR</b>		<b>13.2</b>	<b>10.1</b>

Net profit for both years is wholly attributable to the equity holder of SP Smart Meter Assets Limited.

Net profit for both years comprises total comprehensive income.

All results relate to continuing operations.

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2024**

	Share capital (Note (a))	Retained earnings (Note (b))	Total
	£m	£m	£m
At 1 January 2023	-	12.2	12.2
Profit for the year attributable to the equity holder of the Company	-	10.1	10.1
Dividends	-	(13.1)	(13.1)
At 1 January 2024	-	9.2	9.2
Profit for the year attributable to the equity holder of the Company	-	13.2	13.2
Dividends	-	(8.9)	(8.9)
<b>At 31 December 2024</b>	<b>-</b>	<b>13.5</b>	<b>13.5</b>

- (a) At 31 December 2024, the Company had one ordinary share of £1 each (2023 one). The holder of the ordinary share is 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 the member entitled to one vote on a show of hands and on a poll one vote for the share held.
- (b) Retained earnings comprise the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with the shareholder, principally dividends.

The accompanying Notes 1 to 15 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 2024.

# SP SMART METER ASSETS LIMITED

## NOTES TO THE ACCOUNTS

31 December 2024

### 1 BASIS OF PREPARATION

#### A COMPANY INFORMATION

SP Smart Meter Assets Limited, registered company number SC554085, is a private company limited by shares. It is 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 Accounts are prepared in accordance with the accounting policies set out in Note 2. Monetary amounts are presented in pounds Sterling and rounded to the nearest hundred 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 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 has been taken:

- the preparation of a Statement of cash flows and the related notes;
- comparative period reconciliations for property, plant and equipment;
- certain disclosures regarding revenue;
- 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; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Scottish Power UK plc include the equivalent disclosures, the Company has also taken the following available exemptions under FRS 101:

- certain disclosures required by IFRS 13 'Fair Value Measurement';
- disclosures required by IAS 12 'Income Taxes' relating to Pillar Two model rules in respect of deferred tax assets and liabilities;
- certain disclosures required by IAS 7 'Statement of Cash Flows' in respect of supplier financing arrangements; and
- disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

##### B2 GOING CONCERN

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

The principal activity of the Company is to undertake the provision of smart meter assets within the group headed by Scottish Power UK plc ("the SPUK Group"), the Company's intermediate parent company. The Company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations, and have been considered as part of the SPUK Group's cash flow forecasts, on which the directors of the SPUK Group have performed an assessment of reasonably possible downsides. Cash and liquidity are managed centrally by the ScottishPower Treasury function, with working capital requirements of the Company funded by SPL, the parent company of SPUK, who also operate a cash pooling arrangement, which the Company is party to. Centralised funding and cash management aligns with the Iberdrola Group model.

The Company's directors have performed a going concern assessment which indicates that, in reasonably possible downsides, the Company will require additional funds to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, the going concern assessment period.

The shareholders of the Company are, also, considering the sale of the Company, and while it is expected that any new potential shareholder will continue to run the Company as a going concern, the intentions of a potential acquirer are not certain. The directors are, therefore, unable to assess or control all scenarios for the Company's future, including its funding and possible structure after a potential sale is completed. This gives rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

**1 BASIS OF PREPARATION *continued***

In the event there is no sale, SPUK has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. 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.

Based on SPUK's indications of its intent to support the Company, the Company's directors believe that it remains appropriate to prepare the financial statements on a going concern basis, as they have concluded that the Company's financial position means that this is realistic for a period of at least twelve months from the date of approval of these financial statements. However, the potential sale of the business indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**C IMPACT OF NEW 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 2024.

For the year ended 31 December 2024, the following amendments to standards have been issued and are applicable for the Company for the first time. Where relevant, their application has not had a material impact on the Company's accounting policies, financial position or performance:

- Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current' and 'Deferral of Effective Date' and 'Non-current Liabilities with Covenants'
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': 'Supplier Finance Arrangements'

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

Management may be required to make a number of judgements and assumptions regarding the future and about other sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the reported amounts of assets and liabilities within the next financial year. The Company has no such significant judgements or estimation uncertainties.

Management has also considered a non-significant judgement relating to climate change. This consideration focussed on the Company's going concern position. No material impact on the judgements and estimates made in the preparation of the financial statements has been identified.

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.

**PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies applied in preparing the financial statements are set out below. In the process of determining and applying these accounting policies, judgement, apart from those involving estimations (as noted above), is often required that can significantly affect the amounts recognised in the financial statements. Management has made no such judgements.

**A PROPERTY, PLANT AND EQUIPMENT**

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

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

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

The main depreciation period used by the Company is set out below:

	Years
Meters and Measuring Devices	10 - 15

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

At each reporting date, the Company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (the greater of its value-in-use and its fair value less costs to sell) is estimated 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 and the risks specific to the asset under IFRS 16.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment is recognised in the Income statement 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.

**C FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**C1 FINANCIAL ASSETS**

**C1.1 CLASSIFICATION**

Financial assets are classified as being 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. 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.

All remaining financial assets (including equity instruments and other investments) that are not included within the above category, are classified as FVTPL.

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.

**C1.2 RECOGNITION AND MEASUREMENT**

**(a) Initial recognition and measurement**

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

Financial assets are initially measured at fair value with the exception of trade receivables without a significant financing component which are measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15").

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

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

**(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. Interest income, foreign exchange gains and losses, and net credit 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.

**(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.

**C2 FINANCIAL LIABILITIES**

**C2.1 CLASSIFICATION**

Financial liabilities are classified as measured at amortised cost.

**C2.2 RECOGNITION AND MEASUREMENT**

**(a) Initial recognition and measurement**

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

**(b) Subsequent measurement and gains and losses**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains are recognised in the Income statement and statement of other comprehensive income. Any gain or loss on derecognition is also recognised in the Income statement and statement of other comprehensive income. This is the category most relevant to the Company as it includes trade and other payables.

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 other comprehensive income.

**(c) Derecognition**

The Company derecognises a financial liability when the obligation under that liability is discharged, cancelled or has expired. 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 other comprehensive income.

**D 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 activity of the Company.

Smart meter provision is a performance obligation satisfied over time as the customer benefits from the service as it is provided. The customer benefits from the Company's service evenly throughout the year and therefore time is used to measure progress towards complete satisfaction of the performance obligation. Revenue is recognised on a straight-line basis throughout the year based on the agreed contractual rate.

**E OTHER OPERATING RESULTS**

Other operating results primarily comprise of income relating to compensation received from energy suppliers in relation to early termination charges associated with MRA contracts.

**F 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

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

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

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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. Deferred tax is charged to the Income statement and statement of comprehensive income.

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

**3 PROPERTY, PLANT AND EQUIPMENT**

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

	Meters and measuring devices	Meters and measuring devices in the course of construction	Total
<b>Year ended 31 December 2024</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Cost:</b>			
At 1 January 2024	477.2	19.3	496.5
Additions	56.6	16.3	72.9
Transfers from plant in the course of construction to plant in use	17.9	(17.9)	-
Disposals	(15.1)	(0.6)	(15.7)
<b>At 31 December 2024</b>	<b>536.6</b>	<b>17.1</b>	<b>553.7</b>
<b>Depreciation:</b>			
At 1 January 2024	156.5	-	156.5
Depreciation for the year	42.3	-	42.3
Disposals	(5.3)	-	(5.3)
<b>At 31 December 2024</b>	<b>193.5</b>	<b>-</b>	<b>193.5</b>
<b>Net book value:</b>			
<b>At 31 December 2024</b>	<b>343.1</b>	<b>17.1</b>	<b>360.2</b>
<b>At 1 January 2024</b>	<b>320.7</b>	<b>19.3</b>	<b>340.0</b>

(i) Included within Other operating results in the Income statement and statement of comprehensive income for the year ended 31 December 2024 is £14.7 million (2023 £10.3 million) relating to compensation receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

**(b) Capital Commitments**

At 31 December 2024, the Company had capital commitments of £22.7 million (2023 £16.8 million) due within one year in both years.

**4 CURRENT TRADE AND OTHER RECEIVABLES**

	Note	2024	2023
		£m	£m
Receivables due from related parties		4.7	5.1
Trade receivables (including accrued income)		5.9	3.7
Other tax receivables		2.1	2.8
(a)		<b>12.7</b>	<b>11.6</b>

(a) Trade and other receivables includes £10.0 million (2023 £4.6 million) of IFRS 15 receivables.

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

**5 LOANS AND OTHER BORROWINGS**

	Interest rate	Maturity	2024		2023	
			Non-current	Current	Non-current	Current
	£m	£m	£m	£m	£m	£m
Loans with related parties	Base + 1%	On demand	-	168.6	-	171.7
Loans with related parties	SONIA + 2.3%	1 March 2028	100.0	-	100.0	-
<b>Loans payable to related parties</b>			<b>100.0</b>	<b>168.6</b>	<b>100.0</b>	<b>171.7</b>
<b>Accrued interest due to related parties</b>				<b>13.6</b>		<b>12.3</b>
			<b>100.0</b>	<b>182.2</b>	<b>100.0</b>	<b>184.0</b>

**6 DEFERRED TAX**

Deferred tax recognised in the Accounts is as follows:

	Note	Property, plant and equipment	£m
At 1 January 2023			35.5
Charge to the Income statement			18.2
At 1 January 2024	(a)		53.7
Charge to the Income statement			15.4
<b>At 31 December 2024</b>			<b>69.1</b>

(a) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that increased the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 31 December 2023 were provided at 25%, to reflect the rate that the temporary differences are expected to reverse at.

**7 CURRENT OTHER FINANCIAL LIABILITIES**

	2024	2023
	£m	£m
<b>Confirming arrangements</b>	<b>7.4</b>	-

**8 CURRENT TRADE AND OTHER PAYABLES**

	2024	2023
	£m	£m
Payables due to related parties	0.2	-
Trade payables	0.3	1.0
Payments received on account	-	3.8
<b>Capital payables and accruals</b>	<b>10.4</b>	<b>13.0</b>
(a)	<b>10.9</b>	<b>17.8</b>

(a) Trade and other payables includes £nil (2023 £3.8 million) of contract liabilities.

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

	2024	2023
	£m	£m
Property, plant and equipment depreciation charge	42.3	37.7
Intangible asset amortisation charge	0.2	0.1
<b>Charges and provisions, allowances and impairment of assets</b>	<b>10.3</b>	<b>8.5</b>
	<b>52.8</b>	<b>46.3</b>

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

**10 FINANCE COSTS**

	2024	2023
	£m	£m
Interest on amounts due to related parties	18.9	16.5

**11 INCOME TAX**

	2024	2023
	£m	£m
Current tax:		
UK Corporation Tax for the year	(9.7)	(12.6)
Adjustments in respect of prior years	(1.3)	(1.1)
<b>Current tax for the year</b>	<b>(11.0)</b>	<b>(13.7)</b>
Deferred tax:		
Origination and reversal of temporary differences	14.1	15.7
Adjustments in respect of prior years	1.3	1.4
Impact of tax rate change	-	1.1
<b>Deferred tax for the year</b>	<b>15.4</b>	<b>18.2</b>
<b>Income tax for the year</b>	<b>4.4</b>	<b>4.5</b>

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

	2024	2023
	£m	£m
Corporation Tax at 25% (2023 23.5%)	4.4	3.4
Adjustments in respect of prior years	-	0.3
Impact of tax rate change on current year tax	-	1.1
Non-deductible expenses and other permanent differences	-	(0.3)
<b>Income tax for the year</b>	<b>4.4</b>	<b>4.5</b>

Legislation was enacted on 10 June 2021 under the Finance Act 2021 that increased the UK Corporation Tax charge to 25% from 1 April 2023. Accordingly, the deferred tax balances at 31 December 2023 were provided at 25%, to reflect the rate that the temporary differences were expected to reverse at.

**12 DIVIDENDS**

	2024	2023	2024	2023
	£m per ordinary share	£m per ordinary share	£m	£m
Interim dividend paid	8.9	13.1	8.9	13.1

**13 EMPLOYEE INFORMATION**

The Company has no employees (2023 none). Details of directors' remuneration are set out in Note 14(a).

**14 RELATED PARTY TRANSACTIONS**

**(a) Directors' remuneration**

The remuneration of the directors who provided qualifying services is set out below. As these directors are remunerated for their work for ScottishPower, it has not been possible to apportion the remuneration specifically in respect of services to the Company. All of the directors were remunerated by other ScottishPower companies during both years.

	2024	2023
	£000	£000
Aggregate remuneration in respect of qualifying services	487	541
Number of directors who exercised share options	3	3
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

**SP SMART METER ASSETS LIMITED**  
**NOTES TO THE ACCOUNTS *continued***  
**31 December 2024**

**14 RELATED PARTY TRANSACTIONS *continued***

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Highest paid director</b>		
Aggregate remuneration	<b>245</b>	<b>405</b>

- (i) The highest paid director received shares under a long-term incentive scheme during both periods.  
(ii) The highest paid director exercised share options during both periods.

**(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 its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

**15 AUDITOR'S REMUNERATION**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Audit of the Annual accounts	<b>103</b>	<b>94</b>