

SCOTTISH POWER RETAIL HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2022

Registered No. SC389556

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SCOTTISH POWER RETAIL HOLDINGS LIMITED STRATEGIC REPORT

The directors present their Strategic Report on Scottish Power Retail Holdings Limited ("the Company") for the year ended 31 December 2022.

INTRODUCTION

The principal activity of the Company, registered company number SC389556, is that of a holding company for the Scottish Power Limited ("SPL") Group's Energy Retail and Wholesale division ("Energy Retail and Wholesale"). The Company will continue with this activity for the foreseeable future.

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

ScottishPower's Energy Retail business ("Energy Retail"), also known as the Customer business, is responsible for the supply of electricity and gas to domestic and business customers throughout the UK, including customer registration, billing and handling enquiries in respect of these services. Energy Retail is also responsible for the associated metering activity including the smart meter installation programme, and managing ScottishPower's Smart Solutions activities, as well as owning the Green Hydrogen business.

ScottishPower's Energy Wholesale business ("Energy Wholesale") is responsible for managing ScottishPower's exposure to the UK wholesale electricity and gas markets for ScottishPower's Energy Retail and Renewables businesses, and the optimisation of gas storage.

STRATEGIC OUTLOOK

Operating review

The net profit for the year increased by £1,767,000 to £24,348,000 primarily due to an increase in interest received offset by lower dividends received and a change in the tax charge.

Financial instruments

The Company has Other receivables from Iberdrola Group companies and has exposure to credit 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 from Iberdrola Group companies is considered to be low as no Iberdrola Group company has a credit rating lower than BBB+ (in line with Standards & Poor's external credit ratings).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

INVESTMENT RISK	RESPONSE
The potential for impairment in the value of investments.	Periodic review of operational financial performance of the subsidiaries.

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 overleaf.

SCOTTISH POWER RETAIL HOLDINGS LIMITED STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

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, all as part of Energy Retail and Wholesale, in accordance at all times with Energy Retail and Wholesale 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 Energy Retail and Wholesale overall.

The Company's key stakeholder is its shareholder. Notwithstanding this, as a holding company due to the governance framework described above, the Company also has indirect stakeholders, being the stakeholders of its subsidiary entities. The Company's subsidiary entities have five key stakeholder categories: employees; customers; suppliers and contractors; government and regulators; and community and environment. Further details as to how the Company's subsidiaries engage with these five stakeholder categories are provided in the Section 172 statement.

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 Group, of which it 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.

Modern Slavery Statement

The term 'modern slavery' covers both slavery and human trafficking. 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 at: www.scottishpower.com / 'Sustainability' / 'Sustainable business' / 'ScottishPower's Modern Slavery Statement'.

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 the Company to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

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

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

The delivery of the strategy of the Energy Retail and Wholesale division, headed by the Company, requires Energy Retail and Wholesale to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the performance and reputation of Energy Retail and Wholesale 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 Board is responsible for the effective management of Energy Retail and Wholesale, in accordance with the business strategy. The Board meets regularly and reviews strategy, operational performance and risk issues on behalf of Energy Retail and Wholesale, and to also approve certain reserved matters as defined under the terms of reference of the Board. The terms of reference of the Board are published at <https://www.spretailholdings.com/> under 'Corporate Governance' / 'Governance and Sustainability System' / 'Corporate Governance' / 'Governance Rules of the Corporate Decision-Making Bodies and of Other Internal Functions and Committees'.

SCOTTISH POWER RETAIL HOLDINGS LIMITED STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

The Board fully recognises that effective and meaningful engagement with stakeholders is key to promoting the success of the Company.

The Company identifies and interacts with its stakeholders via its principal transactional subsidiaries, including ScottishPower Energy Retail Limited ("SPERL"), SP Dataserve Limited ("Dataserve"), SP Smart Meter Assets Limited ("SPSMAL"), and ScottishPower Energy Management Limited ("SPEML"). For further information on these entities' respective engagement with their specific stakeholders, refer to the relevant section of the Strategic Report in their most recent annual accounts. The Accounts of SPERL, Dataserve, SPSMAL and SPEML, together with these Accounts, are each published at www.spretailholdings.com/company-reporting/annual-report-and-accounts. In addition, please refer to the 'Engaging with stakeholders' section of the Strategic Report which sets out the Board's oversight of the consideration given to the Company's, and Energy Retail and Wholesale's, engagement with key stakeholders.

The directors strongly believe that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. Details and examples of engagement with the Company's key stakeholders (both direct and indirect) who are considered by the Board in its decision making with respect to matters reserved to it are as follows:

- **Customers:** details of how Energy Retail and Wholesale, and so the Company, engages with its customers are explained in the 'Customers' section of the Strategic Report of the principal transactional subsidiaries, of the most recent SPERL, Dataserve, SPSMAL and SPEML annual accounts respectively. During the year, the Board received regular detailed updates regarding, and gave all due consideration to, the retail customer portfolio, including business initiatives, key metrics, and performance indicators regarding the same.
- **Employees:** details of how Energy Retail and Wholesale, and so the Company, engages with its employees are set out in the 'Employees' section of the Strategic Report of the principal transactional subsidiaries, of the most recent SPERL, Dataserve, and SPEML annual accounts respectively. During the year, the Board received regular updates on staff health and safety.
- **Communities and the environment:** details of Energy Retail and Wholesale, and so the Company, engages with communities and considers the environment are set out in the 'Community and environment' section of the Strategic Report of the transactional principal subsidiaries, of the most recent SPERL, Dataserve, SPSMAL and SPEML annual accounts respectively. During the year, the Board received regular updates regarding Energy Retail and Wholesale's business strategy, including its hydrogen projects.
- **Suppliers:** details of how Energy Retail and Wholesale, and so the Company, engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report of the transactional principal subsidiaries, of the most recent SPERL, Dataserve, SPSMAL and SPEML annual accounts respectively. During the year, the Board approved key procurement contract awards for Energy Retail and Wholesale in accordance with the parameters specified in the Board's terms of reference and the Board received updates on contractor health and safety.
- **Government and regulators:** details of how Energy Retail and Wholesale, and so the Company, engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report of the principal transactional subsidiaries, of the most recent SPERL, Dataserve, SPSMAL and SPEML annual accounts respectively. During the year, the Board received regular updates on, and considered, the political-economic environment in which Energy Retail and Wholesale operates as well as receiving regular regulatory and industry updates, particularly the current state of the market.

Details of how the Company interacts with its shareholder are described in the 'Engaging with stakeholders' section of the Strategic Report on page 2.

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.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

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

A handwritten signature in black ink, appearing to read 'Andrew Ward', with a long horizontal flourish extending to the right.

Andrew Ward
Director
20 September 2023

SCOTTISH POWER RETAIL HOLDINGS 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 the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 4:

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

RESULTS AND DIVIDEND

The net profit for the year was £24,348,000 (2021 £22,581,000). A dividend of £49,000,000 was paid during the year (2021 £23,100,000).

DIRECTORS

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

Aitor Moso Raigoso	Chair, internal, non-executive director
Andrew Ward	Chief Executive Officer
Nicola Connolly	Internal, non-executive director
David Gracia Fabre	Internal, non-executive director
Marion Shepherd Venman	Internal, non-executive director

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 REPORTS 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 (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 Company's profit or loss 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 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.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
DIRECTORS' REPORT *continued*

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

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 differs 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



Andrew Ward
Director
20 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH POWER RETAIL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Scottish Power Retail Holdings 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 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 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 SCOTTISH POWER RETAIL HOLDINGS 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SCOTTISH POWER RETAIL HOLDINGS LIMITED *continued***

Directors' responsibilities

As explained more fully in their statement set out on pages 5 and 6, 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.



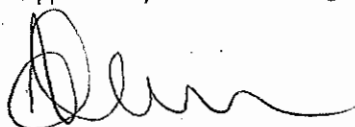
Andrew Williamson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
20 September 2023

SCOTTISH POWER RETAIL HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Notes	2022 £000	2021 Restated* £000
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	3	142,131	142,131
Non-current other receivables	4	173,952	200,782
Deferred tax asset	5	3	5
TOTAL NON-CURRENT ASSETS		316,086	342,918
CURRENT ASSETS			
Current other receivables	4	4,927	2,242
Current tax asset		-	51
TOTAL CURRENT ASSETS		4,927	2,293
TOTAL ASSETS		321,013	345,211
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		320,287	344,939
Share capital	6,7	259,516	259,516
Other reserves	7	412,183	412,183
Retained losses	7	(351,412)	(326,760)
TOTAL EQUITY		320,287	344,939
NON-CURRENT LIABILITIES			
Non-current provisions	8	100	100
TOTAL NON-CURRENT LIABILITIES		100	100
CURRENT LIABILITIES			
Current other payables	9	172	172
Current tax liabilities		454	-
TOTAL CURRENT LIABILITIES		626	172
TOTAL LIABILITIES		726	272
TOTAL EQUITY AND LIABILITIES		321,013	345,211

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

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



Andrew Ward
 Director

The accompanying Notes 1 to 16 are an integral part of the Statement of financial position at 31 December 2022.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
External services		(2,533)	(2,512)
OPERATING LOSS		(2,533)	(2,512)
Dividends received		22,400	22,800
Finance income	10	4,927	2,242
Finance costs	11	11	(1)
PROFIT BEFORE TAX		24,805	22,529
Income tax	12	(457)	52
NET PROFIT FOR THE YEAR		24,348	22,581

Net profit for both years is wholly attributable to the equity holder of Scottish Power Retail Holdings 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 2022

	Share capital £000	Other reserves £000	Retained losses £000	Total £000
At 1 January 2021	259,516	412,183	(326,241)	345,458
Total comprehensive income for the year	-	-	22,581	22,581
Dividends	-	-	(23,100)	(23,100)
At 1 January 2022	259,516	412,183	(326,760)	344,939
Total comprehensive income for the year	-	-	24,348	24,348
Dividends	-	-	(49,000)	(49,000)
At 31 December 2022	259,516	412,183	(351,412)	320,287

The accompanying Notes 1 to 16 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.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
31 December 2022

1 BASIS OF PREPARATION

A COMPANY INFORMATION

Scottish Power Retail Holdings Limited, registered company number SC389556, is a private company limited by shares, incorporated in Scotland and its registered office is 320 St. Vincent Street, Glasgow, G2 5AD, Scotland.

B BASIS OF PREPARATION

B1 BASIS OF PREPARATION OF THE ACCOUNTS

The Company is required by law to prepare accounts and to deliver them to the Registrar of Companies. The Accounts are prepared in accordance with the accounting policies set out in Note 2. Monetary amounts are presented in pounds Sterling and are rounded to the nearest thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

The Accounts contain information about Scottish Power Retail Holdings Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of its immediate parent company SPUK.

The Accounts have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of international accounting standards ("IAS") as adopted by the UK ("UK-adopted IAS") in conformity with the requirements of the Companies Act 2006 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 exemptions has 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 but are not expected to be settled/received within the next twelve months) were classified as current in the prior year and should have been classified as non-current. The comparatives have been restated for this reclassification. The impact is a decrease of £200,782,000 in the Current other receivables at 31 December 2021 from £203,024,000 as previously reported to £2,242,000 and a corresponding increase in Non-current other receivables from £nil as previously reported to £200,782,000. 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.

The principal activity of the Company is that of a holding company for Energy Retail and Wholesale within the group headed by SPUK ("the SPUK Group"). SPUK, the Company's immediate parent company is itself a subsidiary of Iberdrola, S.A., the ultimate parent undertaking. The Company's cash flows are therefore dependent on the continuation 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.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

1 BASIS OF PREPARATION *continued*

To meet its working capital requirements, the Company participates in a UK centralised treasury function operated by the Company's intermediate parent company SPL, the parent company of SPUK. At 31 December 2022, the Company had a loan receivable of £173,952,000 with SPL. ScottishPower's treasury function works closely with Iberdrola to manage the Company's funding requirements. There has been no indication that these arrangements may change.

The directors have performed a going concern assessment which indicates that, in the case of reasonably possible downsides, the Company will require additional funds, through funding from SPUK, to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

SPUK has indicated its intention to make available such funds as are needed by the Company, in the event this is required. 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.

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 these financial statements and, therefore, have prepared the financial statements on a going concern basis.

C IMPACT OF NEW IAS

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 judgments 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 focused 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 Accounts are set out below.

- A INVESTMENTS
- B FINANCIAL INSTRUMENTS
- C TAXATION

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

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

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. 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 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. 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.

(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; there is no reasonable expectation of recovering all, or a portion of, the contractual cash flows.

C 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 and deferred tax. Tax is recognised in the Income statement and statement of comprehensive income. For income tax arising on dividends, the related tax is recognised in the Income statement and statement of comprehensive income, consistently with the transactions that generated the distributable profits.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

3 INVESTMENTS

(a) Movements in investments

	Subsidiary undertakings shares £000
At 1 January 2021, 1 January 2022 and 31 December 2022	142,131

(b) Subsidiaries

The table below set out details of the subsidiaries of the Company at 31 December. All entities are direct holdings unless specified.

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

(i) The registered offices of the subsidiaries 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) 3 Prenton Way, Prenton, CH43 3ET, England

(B) 320 St. Vincent Street, Glasgow, G2 5AD, Scotland

(C) Johnston Carmichael, 227 West George Street, Glasgow, G2 2ND, Scotland

(D) Johnston Carmichael, 7-11 Melville Street, Edinburgh EH3 7PE, Scotland

(ii) SP Gas Transportation Cockenzie Limited and SP Gas Transportation Hatfield Limited were placed into member's voluntary liquidation on 10 December 2020 and 28 October 2021 respectively. SP Gas Transportation Hatfield Limited was dissolved on 8 February 2023. SP Gas Transportation Cockenzie Limited was dissolved on 18 April 2023.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

4 OTHER RECEIVABLES

	Note	2022 £000	2021 Restated* £000
Current receivables:			
Receivables due from Iberdrola Group companies - interest		4,927	2,242
Non-current receivables:			
Receivables due from Iberdrola Group companies - loans	(a)	173,952	200,782

(a) This loan earns interest at the Bank of England base rate ("Base") plus 1% and is unsecured. It is repayable on demand but classified as non-current as the Company expects to realise the assets after twelve months from the reporting date. (Refer to Note 1B2).

5 DEFERRED TAX

Deferred tax recognised in the Accounts is as follows:

	Note	Other temporary differences £000
At 1 January 2021		4
Credit to the Income statement and statement of comprehensive income	(a)	1
At 1 January 2022		5
Charge to the Income statement and statement of comprehensive income		(2)
At 31 December 2022		3

(a) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that will increase the UK Corporation tax rate to 25% from 1 April 2023. This rate change announcement had no impact on the 1 January 2021 or 31 December 2021 deferred tax balances.

6 SHARE CAPITAL

	2022 £000	2021 £000
Allotted, called up and fully paid shares:		
259,515,505 ordinary shares of £1 each (2021 259,515,505)	259,516	259,516

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

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

	Share capital £000	Other reserves (Note (a)) £000	Retained losses (Note (b)) £000	Total £000
At 1 January 2021	259,516	412,183	(326,241)	345,458
Profit for the year attributable to equity holder of the Company	-	-	22,581	22,581
Dividends	-	-	(23,100)	(23,100)
At 1 January 2022	259,516	412,183	(326,760)	344,939
Profit for the year attributable to equity holder of the Company	-	-	24,348	24,348
Dividends	-	-	(49,000)	(49,000)
At 31 December 2022	259,516	412,183	(351,412)	320,287

(a) Other reserves comprise a capital contribution reserve of £412,183,000 (2021 £412,183,000) and is a distributable reserve.

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

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

8 PROVISIONS

	At 1 January 2021, 1 January 2022 and 31 December 2022
	£000
Disposal transaction costs	100

(a) The provision is classified as non-current and is expected to be utilised in 2025.

9 OTHER PAYABLES

	2022	2021
	£000	£000
Current other payables:		
Other taxes and social security	172	172

10 FINANCE INCOME

	2022	2021
	£000	£000
Interest receivable from Iberdrola Group companies	4,927	2,242

11 FINANCE COSTS

	2022	2021
	£000	£000
Net expected credit losses on financial assets	(11)	1

12 INCOME TAX

	2022	2021
	£000	£000
Current tax:		
UK Corporation Tax charge/(credit) on profits for the year	455	(51)
Current tax for the year	455	(51)
Deferred tax:		
Origination and reversal of temporary differences	2	(1)
Deferred tax for the year	2	(1)
Income tax charge/(credit) for the year	457	(52)

The tax charge /(credit) on profit for the year varied from the standard rate of UK Corporation Tax applicable to the Company as follows:

	2022	2021
	£000	£000
Corporation Tax at 19% (2021 19%)	4,713	4,280
Dividend income	(4,256)	(4,332)
Income tax charge/(credit) for the year	457	(52)

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

13 EMPLOYEE INFORMATION

The Company has no employees (2021 none).

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2022

14 DIVIDENDS

	2022	2021	2022	2021
	pence per ordinary share	pence per ordinary share	£000	£000
Interim dividend paid	18.9	8.9	49,000	23,100

15 RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The remuneration of the directors that provided qualifying services to the Company is shown below. As these directors are remunerated for their work for Iberdrola, it has not been possible to apportion the remuneration specifically in respect of services to this Company. All of the five directors that served during the year (2021 six) were remunerated by other Iberdrola Group companies during both years.

	2022	2021
	£000	£000
Aggregate remuneration in respect of qualifying services	1,060	1,160
Aggregate compensation for loss of office	-	176
Number of directors who exercised share options	3	4
Number of directors who received shares under a long-term incentive scheme	3	4
Number of directors accruing retirement benefits under a defined benefit scheme	2	3
Highest paid director	£000	£000
Aggregate remuneration	388	441
Accrued pension benefit	77	65

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

(b) Immediate and ultimate parent company

The immediate parent company is SPUK. The registered office of SPUK 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.

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

16 AUDITOR'S REMUNERATION

	2022	2021
	£000	£000
Audit of the Annual accounts	25	23