SCOTTISH POWER RETAIL HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2021

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 2021. This includes an overview of the Company's structure, strategic outlook including 2021 performance, and principal risks and uncertainties.

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") 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. Furthermore, in 2020, Energy Retail created a Hydrogen department to begin working with businesses to seek appropriate green hydrogen solutions. This is a pioneering strategic move to support the UK's efforts to achieve 'net zero' by 2050.

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 decreased by £5,654,000 to £22,581,000 primarily due to a decrease in interest received from Iberdrola Group companies.

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

Financial instruments

Treasury services are provided by SPL. ScottishPower, and therefore the Company, has a risk policy within treasury and financing which is designed to ensure that the Company's exposure to variability of cash flows and asset values due to fluctuations in market interest rates and exchange rates are minimised and managed at acceptable risk levels. Further details of the treasury and interest rate policy for ScottishPower and how it manages the related risks are included in the most recent Annual Report and Accounts of SPL ("the SPL Accounts").

PRINCIPAL RISKS AND UNCERTAINTIES

To deliver its strategy, ScottishPower, and therefore 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 risks and uncertainties of ScottishPower relevant to the Company, and those specific to the Company, that may impact current and future operational and financial performance and the management of these risks are described on the following page:

PRINCIPAL RISKS AND UNCERTAINTIES ***continued***

RISK	RESPONSE
The potential for impairment in the value of investments.	Periodic review of operational financial performance of the subsidiaries.
Material deterioration in the relatively stable and predictable UK regulatory and political environment, including any 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.

RISK	RESPONSE
Breach in cyber security and unwanted infiltration of ScottishPower's IT infrastructure by internal and external parties impacting key infrastructure, networks or core systems.	Implementation of a cyber-risk policy which provides the framework for mitigation. Proactive approach to identifying where ScottishPower is vulnerable and addressing these points through technical solutions. Educating ScottishPower and the Company's employees and contractors as to how behaviour can reduce this risk. Embedding cyber security in all projects where appropriate.

ENGAGING WITH STAKEHOLDERS

References to "ScottishPower" apply fully to Energy Retail and Wholesale, and therefore to the Company.

The importance of engaging with stakeholders

As part of the Iberdrola Group, ScottishPower is developing a responsible and sustainable energy model which focuses on the wellbeing of people, the protection of the environment and the economic and social progress in the communities in which ScottishPower operates. ScottishPower 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 ScottishPower, Energy Retail and Wholesale, and so the Company, engages with its stakeholders, and how these activities influence the Company's operations, are set out below.

Key stakeholders

The directors are fully aware of their duties under the Companies Act 2006, including as set out in section 172 of the same. The primary responsibility of the board of directors of the Company ("the Board") is to supervise and make decisions as required in relation to the activities of the Company's business and its subsidiaries, 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 four key stakeholder categories: employees and customers; suppliers and contractors; government and regulators; and community and environment. 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.

ENGAGING WITH STAKEHOLDERS *continued*

Shareholders are important to the Company and ScottishPower. All shareholder management activities are carried out on ScottishPower's behalf by its ultimate parent company, Iberdrola, which is listed on the Madrid Stock exchange. Iberdrola is committed to dialogue, proximity and actions in favour of shareholders. Iberdrola is one of the first companies in the world to formalise a Shareholder Engagement Policy focusing upon two-way interaction with the shareholders in order to forge a sense of belonging and to encourage their engagement in the corporate life of Iberdrola.

Iberdrola's Shareholder Engagement Policy is published at: https://www.iberdrola.com/corporate-governance/governance-sustainability-system/corporate-governance-policies/shareholder-engagement-policy.

Modern Slavery Statement

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower, the Energy Retail and Wholesale division, and so the Company, is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to its business. In accordance with the Modern Slavery Act 2015, ScottishPower has produced its own Modern Slavery Statement, which has been approved by the board of directors of SPL. This statement is published on the ScottishPower website at:
https://www.scottishpower.com/pages/scottishpowers_modern_slavery_statement.aspx.

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'.

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.

SECTION 172 STATEMENT *continued*

The directors strongly believe that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. Details of the Company's key stakeholders (both direct and indirect) and how the Company engages with them are as follows:

- **Customers:** details of how Energy Retail and Wholesale, and so the Company, engages with its customers are explained in the 'Customers' sub-section of the Strategic Report of the principal transactional subsidiaries, on page 10, page 5, page 4 and page 4 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' sub-section of the Strategic Report of the principal transactional subsidiaries, on page 10, page 4 and page 3 of the most recent SPERL, Dataserve, and SPEML annual accounts respectively. During the year, the Board received regular updates on employee 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, on page 13, page 5, page 5 and page 4 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 and green energy initiatives, 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' sub-section of the Strategic Report of the transactional principal subsidiaries, on page 13, page 5, page 4 and page 4 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. During the year, the Board received regular 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, on page 12, page 5, page 4 and page 4 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. The Board received during the year regular regulatory and industry updates, particularly the current state of the market and the retail price cap.

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 2021 in discharging the function of the Board were in conformance with their duty under section 172 of the Companies Act 2006.

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

ON BEHALF OF THE BOARD

Andrew Ward
Director
11 July 2022

SCOTTISH POWER RETAIL HOLDINGS LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2021.

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 £22,581,000 (2020 £28,235,000). A dividend of £23,100,000 was paid during the year (2020 £529,700,000).

DIRECTORS

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

Aitor Moso Raigoso	Chair, non-independent, non-executive director
Andrew Ward	Chief Executive Officer
Nicola Connelly	Non-independent, non-executive director (appointed 23 September 2021)
David Gracia Fabre	Non-independent, non-executive director
Marion Shepherd Venman	Non-independent, non-executive director
David Wark	Non-independent, non-executive director (resigned 31 July 2021)

As at the date of this report, there have been no changes to the composition of the board of directors of the Company 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, relevant, reliable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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.

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

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

AUDITOR

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

ON BEHALF OF THE BOARD

Andrew Ward
Director
11 July 2022

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 2021 which comprise the Statement of financial position, Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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*

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.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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.

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.

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

11 July 2022

SCOTTISH POWER RETAIL HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Notes	2021 £000	2020 £000
ASSETS			
NON-CURRENT ASSETS			
Non-current financial assets		**142,131**	142,131
Investments in subsidiaries	3	142,131	142,131
Deferred tax asset	4	**5**	4
TOTAL NON-CURRENT ASSETS		**142,136**	142,135
CURRENT ASSETS			
Current trade and other receivables	5	**203,024**	204,764
Current tax asset		**51**	-
TOTAL CURRENT ASSETS		**203,075**	204,764
TOTAL ASSETS		**345,211**	346,899
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**344,939**	345,458
Share capital	6, 7	259,516	259,516
Other reserves	7	412,183	412,183
Retained losses	7	(326,760)	(326,241)
TOTAL EQUITY		**344,939**	345,458
NON-CURRENT LIABILITIES			
Non-current provisions	8	**100**	100
TOTAL NON-CURRENT LIABILITIES		**100**	100
CURRENT LIABILITIES			
Current other payables	9	**172**	179
Current tax liabilities		**-**	1,162
TOTAL CURRENT LIABILITIES		**172**	1,341
TOTAL LIABILITIES		**272**	1,441
TOTAL EQUITY AND LIABILITIES		**345,211**	346,899

Approved by the Board and signed on its behalf on 11 July 2022.

Andrew Ward
Director

The accompanying Notes 1 to 16 are an integral part of the Statement of financial position at 31 December 2021.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	**2021 £000**	2020 £000
External services		(2,512)	(2,422)
Other operating results		-	96
Net operating costs		**(2,512)**	(2,326)
OPERATING LOSS		**(2,512)**	(2,326)
Dividends received		22,800	23,200
Finance income	10	2,242	8,440
Finance costs	11	(1)	100
PROFIT BEFORE TAX		**22,529**	29,414
Income tax	12	52	(1,179)
NET PROFIT FOR THE YEAR		**22,581**	28,235

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.

The accompanying Notes 1 to 16 are an integral part of the Income statement and statement of comprehensive income for the year ended 31 December 2021.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £000	Other reserves £000	Retained losses £000	Total £000
At 1 January 2020	759,516	412,183	(324,776)	846,923
Total comprehensive income for the year	-	-	28,235	28,235
Share capital reduction	(500,000)	-	500,000	-
Dividends	-	-	(529,700)	(529,700)
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 31 December 2021	**259,516**	**412,183**	**(326,760)**	**344,939**

The accompanying Notes 1 to 16 are an integral part of the Statement of changes in equity for the year ended 31 December 2021.

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 and joint venture 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") including newly effective IAS for the year ended 31 December 2021 (refer to Note 1C2). As per Note 1C1, on transition from IAS as adopted by the European Union ("EU-adopted IAS") to UK-adopted IAS on 31 December 2020, the standards in force under both regimes were identical. However, in applying FRS 101, the Company has made amendments where necessary in order to comply with the Companies Act 2006 and has set out below where FRS 101 disclosure exemptions have been taken.

In these Accounts, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- reconciliation of movements of liabilities to cash flows arising from financing activities;
- disclosures in respect of transactions with wholly owned subsidiaries of Iberdrola, S.A.;
- disclosures in respect of capital management;
- the effects of new, but not yet effective, IAS pronouncements;
- disclosures in respect of the compensation of key management personnel; and
- the preparation of a Statement of cash flows and the related notes (applied for the first time in the financial statements for the year ended 31 December 2021).

As the consolidated financial statements of Iberdrola, S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

B2 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 1 to 4.

The Company's Statement of financial position presents net current assets of £202,903,000 as at 31 December 2021. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of ScottishPower which is a significant component of Iberdrola, one of the world's largest integrated utilities. The Company participates in a UK treasury function operated by its intermediate parent company, SPL. The UK treasury function works closely with Iberdrola to manage the Company's funding requirements through the global treasury function.

For the purposes of the directors' assessment of the Company's going concern position, and to satisfy them of the Company's ability to pay its liabilities as they fall due, the directors have prepared a cash flow forecast to 31 December 2023. The cash flow forecast takes account of severe but plausible downsides.

1 BASIS OF PREPARATION *continued*
B BASIS OF PREPARATION *continued*
B2 GOING CONCERN *continued*

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

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

C ACCOUNTING STANDARDS
C1 IMPACT OF BREXIT

After the end of the Brexit transition period (31 December 2020), the UK ceased to be subject to European Union ("EU") law. Under the European Union (Withdrawal) Act 2018, all existing IAS adopted by the EU at that time were 'frozen' into UK law thus considered as in force in the UK at the end of the transition period. Adoptions, interpretations and amendments of IAS endorsed by the EU after the transition period will no longer apply in the UK. Since the end of the transition period, UK-registered companies must use UK-adopted IAS. At the end of the transition period, those standards were identical to the EU-adopted IAS in force on that date, but subsequently the UK has established its own endorsement process to adopt UK-adopted IAS, interpretations and amendments of IAS. For the year ended 31 December 2020, UK companies therefore had the option to use any standards which had been adopted for use within the UK in addition to the frozen EU-adopted IAS.

In line with the above, the Accounts for the year ended 31 December 2020 were prepared in accordance with the 'frozen' IAS as adopted by the EU in accordance with the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019. The Accounts for financial year beginning 1 January 2021, have been prepared in accordance with UK-adopted IAS.

C2 IMPACT OF NEW IFRS

As noted above, these Accounts have been prepared in accordance with UK-adopted IAS. In preparing these Accounts, the Company has applied all relevant IASs, International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee interpretations ("IFRICs") (collectively referred to as IAS) that have been adopted by the UK as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2021.

For the year ended 31 December 2021, the Company has applied the following amendments for the first time:

Standard	Notes
• Amendments to IFRS 16 'Leases: Covid-19-Related Rent Concessions' and 'Covid-19-Related Rent Concessions beyond 30 June 2021'	(a), (b)
• Amendments to IFRS 9 'Financial Instruments'; IAS 39 'Financial Instruments: Recognition and Measurement'; IFRS 7 'Financial Instruments: Disclosures'; IFRS 4 'Insurance Contracts'; and IFRS 16 'Leases': 'Interest Rate Benchmark Reform – Phase 2'	(b)
• Amendments to IFRS 4 'Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9'	(b)

(a) The first-noted amendment to IFRS 16 makes available a practical expedient around rent concessions affecting payments originally due on or before 30 June 2021 and was applied by the Company on 1 January 2021. The latter amendment extends the time that the practical expedient is available and is effective for periods commencing on or after 1 April 2021.

(b) The application of these pronouncements has not had a material impact on the Company's accounting policies, financial position or performance.

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES

In determining and applying accounting policies, judgement is often required in respect of items which have a significant effect on the reported amounts of assets, liabilities, income and expenses recognised in the financial statements. Other than those involving estimates, the Company has no such judgements. At 31 December 2021, there are no assumptions made about the future and other major sources of estimation uncertainty which have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

ScottishPower, Energy Retail and Wholesale, and so the Company, considers that the impact of climate change risk and opportunities does not create any additional estimation uncertainty.

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

The principal accounting policies applied in preparing the Accounts are set out below.

A FINANCIAL INSTRUMENTS
B TAXATION
C INVESTMENTS

A 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.

A1 FINANCIAL ASSETS

A1.1 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.

A1.2 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.

(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) is primarily derecognised (i.e. removed from the Company's statement of financial position) when the rights to receive cash flows from the asset have expired.

B 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, consistent with the transactions that generated the distributable profits.

C 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.

3 INVESTMENTS

(a) Movements in investments

	Subsidiary undertakings shares £000
At 1 January 2020, 1 January 2021 and 31 December 2021	**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 2021		2020
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.

SCOTTISH POWER RETAIL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2021

4 DEFERRED TAX

Deferred tax recognised in the Accounts is as follows:

	Other temporary differences £000
At 1 January 2020	21
Charge to the income statement and statement of comprehensive income	(17)
At 1 January 2021	4
Credit to the income statement and statement of comprehensive income	1
At 31 December 2021	**5**

(a) Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% as from 1 April 2020. Accordingly, the deferred tax balances as at 1 January 2020, were measured at the 17% rate, this being the tax rate enacted at that time, and the rate temporary differences were expected to reverse at. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 maintained the 19% UK Corporation Tax rate. The 19% rate applied from 1 April 2020. This rate change increased the 31 December 2020 deferred tax asset by £2,000.

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

5 TRADE AND OTHER RECEIVABLES

	Note	**2021 £000**	2020 £000
Current receivables:			
Receivables due from Iberdrola Group companies - loans	(a)	**200,782**	196,280
Receivables due from Iberdrola Group companies - interest		**2,242**	8,440
Trade receivables and accrued income		**-**	44
		203,024	204,764

(a) This loan earns interest at the Bank of England base rate ("Base") plus 1%, is unsecured and is repayable on demand.

6 SHARE CAPITAL

	2021 £000	2020 £000
Allotted, called up and fully paid shares:		
259,515,505 ordinary shares of £1 each (2020 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 (Note (a)) £000	Other reserves (Note (b)) £000	Retained losses (Note (c)) £000	Total £000
At 1 January 2020	759,516	412,183	(324,776)	846,923
Profit for the year attributable to equity holder of the Company	-	-	28,235	28,235
Share capital reduction	(500,000)	-	500,000	-
Dividends	-	-	(529,700)	(529,700)
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 31 December 2021	**259,516**	**412,183**	**(326,760)**	**344,939**

(a) On 26 November 2020, the directors approved a reduction in the Company's share capital of 500,000,000 ordinary shares of £1 each, a total reduction of £500,000,000.

(b) Other reserves comprise a capital contribution reserve of £412,183,000 (2020 £412,183,000) and is a distributable reserve.

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

8 PROVISIONS

Year ended 31 December 2021	Note	At 1 January 2020, 1 January 2021 and 31 December 2021 £000
Disposal transaction costs	(a)	**100**

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

9 OTHER PAYABLES

	2021 £000	2020 £000
Current other payables:		
Other taxes and social security	**172**	179

10 FINANCE INCOME

	2021 £000	2020 £000
Interest receivable from Iberdrola Group companies	**2,242**	8,440

11 FINANCE COSTS

	2021 £000	2020 £000
Impairment/(reversal of impairment) of financial investments	**1**	(100)

12 INCOME TAX

	2021 £000	2020 £000
Current tax:		
UK Corporation Tax (credit)/charge on profits for the year	**(51)**	1,162
Total UK Corporation tax for the year	**(51)**	1,162
Current tax for the year	**(51)**	1,162
Deferred tax:		
Origination and reversal of temporary differences	**(1)**	19
Impact of tax rate change on opening deferred tax balance	**-**	(2)
Deferred tax for the year	**(1)**	17
Income tax (credit)/charge for the year	**(52)**	1,179

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

	2021 £000	2020 £000
Corporation Tax at 19% (2020 19%)	**4,280**	5,589
Impact of tax rate change on opening deferred tax balance	**-**	(2)
Dividend income	**(4,332)**	(4,408)
Income tax (credit)/charge for the year	**(52)**	1,179

Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% on 1 April 2020. Further legislation which was substantively enacted on 17 March 2020 under The Provisional Collection of Taxes Act 1968 maintained the 19% UK Corporation Tax rate. The 19% rate was applicable from 1 April 2020. This rate change increased the 31 December 2020 deferred tax asset by £2,000

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

13 EMPLOYEE INFORMATION

The Company has no employees (2020 none). Details of directors' remuneration are set out in Note 15(a).

14 DIVIDENDS

	2021 pence per ordinary share	2020 pence per ordinary share	2021 £000	2020 £000
Interim dividend paid	**8.9**	204.1	**23,100**	529,700

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 Energy Retail and Wholesale, it has not been possible to apportion the remuneration specifically in respect of services to this Company. All of the six directors that served during the year (2020 five) were remunerated by other ScottishPower Group companies during both years.

	2021 £000	2020 £000
Aggregate remuneration in respect of qualifying services	**1,160**	1,321
Aggregate compensation for loss of office	**176**	-
Number of directors who exercised share options	**4**	3
Number of directors who received shares under a long-term incentive scheme	**4**	3
Number of directors accruing retirement benefits under a defined benefit scheme	**3**	3

Highest paid director	2021 £000	2020 £000
Aggregate remuneration	**441**	496
Accrued pension benefit	**65**	58

(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

	2021 £000	2020 £000
Audit of the Annual accounts	**23**	23