SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2019

Registered No. SC222524

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SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
REVISED STRATEGIC REPORT

This revised Strategic Report for the year ended 31 December 2019 replaces the original Strategic Report for that year, which had been approved on 21 April 2020. The revised Strategic Report has been prepared as at the date on which the original strategic report was approved by the board of directors and not as at the date of the revision and accordingly does not deal with events between those dates. The original Strategic Report failed to comply with the Companies Act 2006 in as much as it failed to include the section 172 statement that was required to be included in that report under section 414CZA of the Companies Act 2006.

The directors present an overview of ScottishPower Energy Management (Agency) Limited's structure, 2019 performance and strategic outlook including principal risks and uncertainties.

STRATEGIC OUTLOOK

The principal activity of ScottishPower Energy Management (Agency) Limited ("the company"), registered company number SC222524, is to provide staff and administrative support on an agency basis for all commercial and trading activity undertaken by ScottishPower Energy Management Limited ("SPEML"). The company acts as an agent for SPEML. The company's income and cost base is largely dependent on the number of employees required to be seconded to the company, in order to meet its service agreement with SPEML. 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 and the immediate parent of the company is Scottish Power Retail Holdings Limited ("SPRH"). Scottish Power Limited ("SPL") is the United Kingdom ("UK") holding company of the Scottish Power Limited group ("ScottishPower"), of which the company is a member.

The company is part of ScottishPower's Energy Wholesale business ("Energy Wholesale"). Energy Wholesale focuses on managing ScottishPower's exposure to the UK wholesale electricity and gas markets. Energy Wholesale is predominantly responsible for the purchase of external supplies of electricity and gas for onward sale to customers; the optimisation of gas storage; and the sale of electricity from wind power purchase agreements to wholesale market participants in the UK.

The company is authorised and regulated by the Financial Conduct Authority.

OPERATIONAL PERFORMANCE

During the year to 31 December 2019, there was a decrease in both revenue (2019 £11,520,000; 2018 £12,479,000) and procurements (2019 £10,410,000; 2018 £11,296,000) due to a decrease in overhead costs recharged to the company by SPEML. The net reduction in operating profit was £75,000.

FINANCIAL INSTRUMENTS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The delivery of ScottishPower's strategy requires ScottishPower, and therefore the company, to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting ScottishPower's 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 governance structure and risk management are provided in the most recent Annual Report and Accounts of SPL.

The principal risks and uncertainties of ScottishPower, and so that of the company, other than those specific to Brexit, that may impact current, future operational and financial performance and the management of these risks are described in the table on the following page:

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

SCOTTISHPOWER - GLOBAL	
RISK	**RESPONSE**
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.
A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.	ScottishPower's Health and Safety function provides specialist services and support for the businesses in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes, is established throughout ScottishPower, which aims to ensure not only continuing legal compliance but also to drive towards best practice in all levels of health and safety operations.
Breach in cyber security and unwanted infiltration of ScottishPower's IT infrastructure by internal and external parties.	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 company employees and contractors as to how behaviour can reduce this risk. Embedding cyber security in all projects where appropriate.

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

RISK	**RESPONSE**
Inability of the company to provide seconded staff with sufficient skills and relevant experience.	Continued investment in employee training and development with succession planning for key roles.

COVID-19 CRISIS

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world, having affected more than 110 countries at that time. Most global governments are taking restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public and private premises (except those of basic necessity and health), closure of borders and a significant reduction in air, sea, rail and land transport.

In the UK, both the UK and Scottish Government have put in various measures culminating on 23 March 2020, when the UK Government made a statement requiring all citizens to stay at home, with a few specific exceptions. These 'lockdown' restrictions were initially put in place for three weeks, but some level of restriction is expected to be in place for a significant part of 2020. Also, temporary emergency legislation, the Coronavirus Act 2020 ("The Act") received Royal Assent on 25 March 2020. The Act provides powers needed to respond to the current coronavirus epidemic, including containing and slowing the virus and enhancing capacity and the flexible deployment of staff.

As the significant impacts of COVID-19 arose after 31 December 2019, this is considered a non-adjusting post balance sheet event for the company for the year ended 31 December 2019, without prejudice to the fact that the impacts will be recognised as part of the 31 December 2020 year end.

Notwithstanding the above, as at the date of signing these Accounts, it is the director's opinion that the principal activities of the company are expected to operate throughout this crisis period without significant disruption, and therefore will not have an impact on the company's business operations, assets and liabilities.

UK DECISION TO LEAVE THE EU (BREXIT)

On 31 January 2020, the UK left the European Union ("EU"). However, all EU laws will remain in force in the UK until 31 December 2020 when the transition period is scheduled to expire. A cross-business working group will continue to co-ordinate ScottishPower's preparations to mitigate the impact on ScottishPower, and therefore the company, of any pre and post-Brexit outcomes as they become clearer. The key risks considered relevant to ScottishPower, and therefore the company, are detailed in the latest version of the SPL Accounts. The directors of the company confirm that there has been no material change to these risks as at the date of approval of these Accounts.

ENGAGING WITH STAKEHOLDERS

References to "ScottishPower" apply fully to the Energy Wholesale business, and so the company.

The importance of engaging with stakeholders

As part of the Iberdrola Group, ScottishPower are 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 believe that effective and meaningful engagement with stakeholders and employees is key to promoting the success of ScottishPower.

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

Key stakeholders

The company has four key stakeholder categories: employees; customers; government and regulators; and community and environment.

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

Shareholders are also 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/corporate-governance-system/corporate-policies/shareholder-engagement-policy.

EMPLOYEES

The company acts as an agent for SPEML. The company's income and cost base is largely dependent on the number of staff required to be seconded to the company, in order to meet its service agreement with SPEML. These individuals are employees of the ScottishPower group and make a real difference in determining how successfully the company operates. The creativity, innovation and individuality of ScottishPower's employees enables ScottishPower and so the company to build on its future capability to operate effectively in a competitive market and continue to have aspirations which are challenging and rewarding. ScottishPower respects and recognises the importance of individuality as part of its ongoing commitment to promoting a culture where individuality is celebrated. ScottishPower also understands that being a diverse organisation goes beyond having legally compliant policies and practices; it includes a focus on creating an innovative, integrated organisation where people feel valued, inspiring them to perform at their best.

Further details as to how ScottishPower engages with its employees, and therefore how the company engages with its seconded staff, are provided in the most recent Annual Report and Accounts of SPL.

CUSTOMERS

The company's key customer is SPEML to whom it provides staff and administrative support on an agency basis to support all its commercial and trading activity. The success of the company depends on continuous engagement to understand and provide for the needs of SPEML.

ENGAGING WITH STAKEHOLDERS *continued*

GOVERNMENT AND REGULATORS

The company is authorised and regulated by the Financial Conduct Authority. It recognises the importance of an open dialogue with the regulator, responding cooperatively to any requests for information and disclosing appropriately anything relating to the company which the regulator would reasonably expect notice.

COMMUNITY AND ENVIRONMENT

Building the trust of communities has been at the heart of ScottishPower's activities for many years. ScottishPower has a significant presence in many communities and it aims to conduct activities responsibly, in ways that are considerate to local communities and make a positive contribution to society. Engaging with these communities, as key stakeholders, is therefore an essential aspect to delivering ScottishPower's objectives, through sharing knowledge and information to help ScottishPower make informed decisions.

ScottishPower is also working to minimise its carbon footprint through environmental management systems, which align with the UN Sustainable Development Goals ("SDGs"). ScottishPower has formal Environmental Management Systems ("EMS"), certified to International Standard 14001:2015, and these are managed by its operational businesses.

Further details as to how ScottishPower, and so the company, engages with communities and manages its impact on the environment are provided in the most recent Annual Report and Accounts of SPL.

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 introduced a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of ScottishPower Energy Management (Agency) Limited are required 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 Wholesale business, (headed by SPRH), of which the company is a member, requires the Wholesale business, to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the Wholesale business performance and reputation by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under section 172 of the Companies Act 2006 have been considered.

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

- **Customers:** details of how the company engages with its customers are explained in the 'Customers' sub-section of the Strategic Report, on page 3.
- **Employees**: details of how ScottishPower, and so the company, engages with its employees are set out in the 'Employees' sub-section of the Strategic Report, on page 3.
- **Communities and the environment:** details of how ScottishPower, and so the company, engages with communities are set out in the 'Community and environment' sub-section of the Strategic Report, on page 4.
- **Government and regulators**: details of how the company engages with governments and regulators are set out in the 'Government and regulators' sub-section of the Strategic Report, on page 4.

SECTION 172 STATEMENT *continued*

In addition, a statement in relation to the company's interaction with its shareholders is described in the introduction to the 'Engaging with stakeholders' section of the Strategic Report on page 3.

The directors, both individually and together as a board, consider that the decisions taken during the year ended 31 December 2019 in discharging the function of the board of the company (the "Board"), were in conformance with their duty under section 172 of the Companies Act 2006.

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

ON BEHALF OF THE BOARD

Douglas Ness
Director
21 May 2020

SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2019.

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 5.

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

RESULTS AND DIVIDENDS
The net profit for the year amounted to £846,000 (2018 £908,000). No dividend was paid during the year (2018 £3,000,000).

DIRECTORS
The directors who held office during the year and to the date of this report were as follows:

Heather Chalmers White (resigned 31 January 2019)
Julián Calvo Moya
Carlos Pombo Jiménez
Neil Stainton
Douglas Ness (appointed 30 May 2019)

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS
The directors are responsible for preparing the Annual Reports and Accounts, including a Strategic Report and Directors' Report, 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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 is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself 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 were re-appointed as auditor of the company for the year ended 31 December 2019.

ON BEHALF OF THE BOARD

Douglas Ness
Director

21 April 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED

Opinion

We have audited the financial statements of ScottishPower Energy Management (Agency) Limited ("the company") for the year ended 31 December 2019 which comprises the Balance Sheet, Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 MEMBER OF SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED *continued*

Directors' responsibilities
As explained more fully in their statement set out on pages 6 and 7, 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.

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

22 April 2020

INDEPENDENT AUDITOR'S REPORT ON REVISED STRATEGIC REPORT TO THE MEMBER OF SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED

Conclusion

We have considered the information given in the revised strategic report for the year ended 31 December 2019.

Based solely on the work required to be undertaken in the course of the audit of the financial statements for the year ended 31 December 2019 and from reading the revised strategic report:

- we have not identified material misstatements in that report;
- in our opinion the information given in the revised strategic report for the financial year is consistent with the financial statements for the year ended 31 December 2019; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Directors' responsibilities

The directors are responsible for the preparation of the revised strategic report in accordance with the requirements of the Companies Act 2006.

The revised strategic report replaces the original strategic report approved by the directors on 21 April 2020. The revised strategic report has been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 ("the Regulations") and accordingly does not take account of events which have taken place after the date on which the original strategic report was approved.

Auditor's responsibilities

Our responsibility is to read the revised strategic 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; and whether that report has been prepared in accordance with the Companies Act 2006, and to report to you accordingly. We do not express an audit opinion on the revised strategic report.

The purpose of our 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 and as required by paragraph 9 of the Regulations. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such 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 work, for this report, or for the opinion we have formed.

Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
22 May 2020

SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
BALANCE SHEET
at 31 December 2019

	Notes	**2019** **£000**	2018 £000
ASSETS			
CURRENT ASSETS			
Cash		**6,966**	6,149
CURRENT ASSETS		**6,966**	6,149
TOTAL ASSETS		**6,966**	6,149
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the parent		**6,767**	5,921
Share capital	3, 4	4,000	4,000
Retained earnings	4	2,767	1,921
TOTAL EQUITY		**6,767**	5,921
CURRENT LIABILITIES			
Trade and other payables	5	**-**	15
Current tax liabilities		**199**	213
CURRENT LIABILITIES		**199**	228
TOTAL LIABILITIES		**199**	228
TOTAL EQUITY AND LIABILITIES		**6,966**	6,149

Approved by the Board and signed on its behalf on 21 April 2020.

Douglas Ness
Director

The accompanying Notes 1 to 14 are an integral part of the balance sheet at 31 December 2019.

SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	**2019 £000**	2018 £000
Revenue		11,520	12,479
Procurements		(10,410)	(11,296)
GROSS MARGIN		**1,110**	1,183
External services		(65)	(63)
OPERATING PROFIT		**1,045**	1,120
Finance income	6	1	1
Finance costs	7	(1)	-
PROFIT BEFORE TAX		**1,045**	1,121
Income tax	8	(199)	(213)
NET PROFIT FOR THE YEAR		**846**	908

Net profit for both years is wholly attributable to the equity holder of ScottishPower Energy Management (Agency) Limited.

Net profit for both years comprises total comprehensive income.

All results relate to continuing operations.

The accompanying Notes 1 to 14 are an integral part of the income statement and statement of other comprehensive income for the year ended 31 December 2019.

SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2018	4,000	4,013	8,013
Total comprehensive income for the year	-	908	908
Dividends	-	(3,000)	(3,000)
At 1 January 2019	4,000	1,921	5,921
Total comprehensive income for the year	-	846	846
At 31 December 2019	**4,000**	**2,767**	**6,767**

The accompanying Notes 1 to 14 are an integral part of the statement of changes in equity for the year ended 31 December 2019.

SCOTTISHPOWER ENERGY MANAGEMENT (AGENCY) LIMITED
CASH FLOW STATEMENT
for the year ended 31 December 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit before tax	**1,045**	1,121
Adjustments for:		
Finance income and costs	**-**	(1)
Changes in working capital:		
Change in trade and other receivables	**-**	3
Change in trade payables	**(15)**	(5)
Income taxes paid	**(213)**	(225)
Net cash flows from operating activities (i)	**817**	893
Cash flows from investing activities		
Interest received	**1**	1
Net cash flows from investing activities (ii)	**1**	1
Cash flows from financing activities		
Dividends paid to company's equity holder	**-**	(3,000)
Net cash flows from financing activities (iii)	**-**	(3,000)
Net increase/(decrease) in cash and cash equivalents (i)+(ii)+(iii)	**818**	(2,106)
Cash and cash equivalents at beginning of year	**6,151**	8,257
Cash and cash equivalents at end of year	**6,969**	6,151

Cash and cash equivalents at end of year comprises:

	2019 £000	2018 £000
Cash	**6,969**	6,151
Expected Credit Losses ("ECLs")	**(3)**	(2)
Cash per Balance Sheet	**6,966**	6,149

The accompanying Notes 1 to 14 are an integral part of the cash flow statement for the year ended 31 December 2019.

1 BASIS OF PREPARATION

A COMPANY INFORMATION

ScottishPower Energy Management (Agency) Limited, ("the company"), registered company number SC222524, is a private company limited by shares, incorporated in Scotland and its registered address is 320 St. Vincent Street, Glasgow, G2 5AD.

B BASIS OF PREPARATION 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 hundred thousand unless otherwise indicated.

The Accounts have been prepared in accordance with FRS 101. In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS"), as adopted by the EU as at the date of approval of these Accounts and which are mandatory for the year ended 31 December 2019 ("IFRS as adopted by the EU") but has made amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions have been taken.

In the transition to FRS 101 from IFRS as adopted by the EU, the company has made no measurement and recognition adjustments.

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

- certain disclosures regarding revenue;
- disclosures in respect of transactions with wholly owned subsidiaries of Iberdrola, S.A.;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS pronouncements; and
- disclosures in respect of the compensation of key management personnel.

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'.

C IMPACT OF NEW IFRS

In preparing these Accounts, the company has applied all relevant International Accounting Standards ("IAS"), IFRS and International Financial Reporting Interpretations Committee ("IFRIC") (collectively referred to as IFRS) that have been adopted by the EU as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2019.

For the year ended 31 December 2019, the company has applied the following standards and amendments for the first time:

Standard	Notes
• IFRS 16 'Leases'	(a)
• IFRIC 23 'Uncertainty over Income Tax Treatments'	(b)
• Amendments to IFRS 9 'Financial Instruments: Prepayment Features with Negative Compensation'	(b)
• Amendments to IAS 28 'Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures'	(b)
• Annual Improvements to IFRS Standards 2015-2017 Cycle	(b)
• Amendments to IAS 19 'Employee Benefits: Plan Amendment, Curtailment or Settlement'	(b)

(a) IFRS 16 'Leases' was effective for the company as from 1 January 2019. The company carried out analysis in order to assess whether its agreements are, or contain, a lease at their inception considering the requirements of IFRS 16. The application of this standard has not had a material impact on the company's accounting policies, financial position or performance.

(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 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 2019, there are no assumptions made about the future or 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.

The principal accounting policies applied in preparing the company's Accounts are set out below:

A REVENUE
B PROCUREMENTS
C FINANCIAL INSTRUMENTS
D TAXATION

A REVENUE

The company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. All revenue is earned wholly within the UK and is wholly attributable to the principal activity of the company.

The provision of staff and administrative support is a performance obligation satisfied over time as the customer benefits from the services as it is provided. Cost is used to measure progress towards complete satisfaction of the performance obligation as this represents the transfer of the service to the customer. Revenue is therefore recognised as the costs are incurred at the agreed contractual rate.

B PROCUREMENTS

Procurements principally comprises the agency staff and overhead costs recharged to the company by SPEML.

C FINANCIAL INSTRUMENTS

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

C1 FINANCIAL ASSETS

C1.1 RECOGNITION AND INITIAL MEASUREMENT

The company's financial asset, being cash, is classified at initial recognition as subsequently measured at amortised cost and is initially measured at fair value.

Cash is initially recognised when the company becomes party to the contractual provisions of the instrument and is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

C1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

(a) Classification

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These are expected to be infrequent and no other reclassifications are permitted.

The company's business model for managing financial assets refers to how it manages its financial assets in order 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 and should be determined from a higher level of aggregation.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND ACCOUNTING POLICIES *continued*

C FINANCIAL INSTRUMENTS *continued*

C1 FINANCIAL ASSETS *continued*

C1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT *continued*

(c) Impairment of financial assets

ECLs on cash balances are presented within Finance cost in the income statement on the grounds of materiality. ECLs for cash balances are recognised using the general model. The general model works as follows:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a twelve month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

The company's cash balances have low credit risk at both the beginning and end of the reporting period. The company considers these assets to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The company considers this to be BBB- or higher per rating agency Standard & Poor's.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(ii) Credit-impaired financial assets

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

(iii) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

C2 FINANCIAL LIABILITIES

C2.1 RECOGNITION AND INITIAL MEASUREMENT

The company's financial liabilities are classified as measured at amortised cost. Trade payables are initially recognised at fair value net of directly attributable transaction costs (the invoice amount).

C2.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The company's financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND ACCOUNTING POLICIES *continued*

C FINANCIAL INSTRUMENTS *continued*

C2 FINANCIAL LIABILITIES *continued*

C2.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT *continued*

(a) Derecognition

The company derecognises a financial liability when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

D TAXATION

The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date.

3 SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid shares:		
4,000,001 ordinary shares of £1 each (2018 4,000,001)	**4,000**	4,000

(a) 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.

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

	Share capital £000	Retained earnings (Note(a)) £000	Total equity £000
At 1 January 2018	4,000	4,013	8,013
Profit for the year attributable to equity holder of the company	-	908	908
Dividends	-	(3,000)	(3,000)
At 1 January 2019	4,000	1,921	5,921
Profit for the year attributable to equity holder of the company	-	846	846
At 31 December 2019	**4,000**	**2,767**	**6,767**

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

5 TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Current trade and other payables:		
Trade payables	**-**	15

6 FINANCE INCOME

	2019 £000	2018 £000
Interest on bank and other deposits	**1**	1

7 FINANCE COSTS

	2019 £000	2018 £000
Impairment losses	**1**	-

8 INCOME TAX

	2019 £000	2018 £000
Current tax:		
UK Corporation Tax charge on profits for the year	**199**	213
Income tax expense for the year	**199**	213

The tax charge on profit on ordinary activities for the year did not vary from the standard rate of UK Corporation Tax as follows:

	2019 £000	2018 £000
Corporation Tax at 19% (2018 19%)	**199**	213
Income tax expense for the year	**199**	213

Legislation was previously enacted to reduce the rate of UK Corporation Tax to 17% on 1 April 2020. After the 31 December 2019, further legislation has been substantively enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968 that maintains the 19% UK Corporation tax rate. The 19% rate will apply from 1 April 2020.

9 EMPLOYEE INFORMATION

The company has no employees (2018 none). Details of directors' remuneration are set out in Note 11(a).

10 DIVIDENDS

	2019 £ per ordinary share	2018 £ per ordinary share	2019 £000	2018 £000
Interim dividend paid	**-**	0.75	**-**	3,000

11 RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The total remuneration of the directors that provided qualifying services to the company is shown below. As these directors are remunerated for their work for the SPRH group, it has not been possible to apportion the remuneration specifically in respect of services to this company. During 2019 three (2018 one) of the directors' remuneration was borne by the company, all other directors' remuneration was borne by other companies within the SPRH group.

	2019 £000	2018 £000
Aggregate remuneration in respect of qualifying services	**248**	321
Aggregate contribution for loss of office	**-**	501
Number of directors who exercised share options	**3**	2
Number of directors who received shares under a long-term incentive scheme	**1**	1
Number of directors accruing retirement benefits under a defined benefit scheme	**3**	3

Highest paid director	2019 £000	2018 £000
Aggregate remuneration	**145**	241
Accrued pension benefits	**24**	105

(i) The highest paid director received shares under long term incentive schemes during 2018 only.
(ii) The highest paid director exercised share options during both years.

(b) Ultimate and immediate parent company

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

The directors regard Iberdrola, S.A. 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 Scottish Power UK plc ("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 disclosed above, the company has no other related undertakings.

12 AUDITOR REMUNERATION

	2019	2018
	£000	£000
Audit of the company's annual Accounts	**17**	15
Audit-related assurance services	**12**	10
Total	**29**	25

13 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 5.

The company has recorded a profit after tax in both the current and previous financial years and the company's balance sheet shows that it has net current assets and net assets of £6,767,000 at its most recent balance sheet date.

The company is ultimately owned by Iberdrola, S.A. and it participates in the Iberdrola group's centralised treasury arrangements and shares banking facilities with its parent companies and fellow subsidiaries.

The directors have prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that 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 20 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

14 EVENTS AFTER THE BALANCE SHEET DATE

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world, having affected more than 110 countries at that time. Most global governments are taking restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public and private premises (except those of basic necessity and health), closure of borders and a significant reduction in air, sea, rail and land transport.

In the UK, both the UK and Scottish Government have put in various measures culminating on 23 March 2020, when the UK Government made a statement requiring all citizens to stay at home, with a few specific exceptions. These 'lockdown' restrictions were initially put in place for three weeks, but some level of restriction is expected to be in place for a significant part of 2020. Also, temporary emergency legislation, the Coronavirus Act 2020 ("The Act") received Royal Assent on 25 March 2020. The Act provides powers needed to respond to the current coronavirus epidemic, including containing and slowing the virus and enhancing capacity and the flexible deployment of staff.

As the significant impacts of COVID-19 arose after 31 December 2019, this is considered a non-adjusting post balance sheet event for the company for the year ended 31 December 2019, without prejudice to the fact that the impacts will be recognised as part of the 31 December 2020 year end.

Notwithstanding the above, as at the date of signing these Accounts, it is the director's opinion that the principal activities of the company are expected to operate throughout this crisis period without significant disruption, and therefore will not have an impact on the company's business operations, assets and liabilities.