

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 2020**

Registered No. SC374288

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 2020**

**CONTENTS**

<b>STRATEGIC REPORT</b>	<b>1</b>
<b>DIRECTORS' REPORT</b>	<b>7</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>9</b>
<b>BALANCE SHEET</b>	<b>12</b>
<b>INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME</b>	<b>13</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>14</b>
<b>CASH FLOW STATEMENT</b>	<b>15</b>
<b>NOTES TO ACCOUNTS</b>	<b>16</b>

# SCOTTISHPOWER RENEWABLES (WODS) LIMITED

## STRATEGIC REPORT

The directors present their Strategic Report on ScottishPower Renewables (WODS) Limited (“the Company”) for the year ended 31 December 2020. This includes an overview of the Company’s structure, strategic outlook including 2020 performance, and principal risks and uncertainties.

### STRATEGIC OUTLOOK

#### Introduction

The principal activity of the Company, registered company number SC374288, is the joint operation of the West of Duddon Sands (“WODS”) offshore wind farm located in the East Irish Sea. This activity will continue 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 ScottishPower Renewables (UK) Limited (“SPRUKL”). 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 Renewables business (“Renewables”) responsible for the origination, development, construction and operation of renewable generation plants, principally onshore and offshore wind, with a growing presence in emerging renewable technologies and innovations such as battery storage and solar.

#### Operating review

The 389 megawatt (“MW”) WODS project, a 50/50 joint arrangement with Orsted West of Duddon Sands (UK) Limited (“Orsted”), continues to deliver availability and production in line with expectations. The project is in its second operational term, with Orsted Power (UK) Limited appointed as the operations and maintenance service provider. Activities have been carried out to further enhance performance such as power curve upgrades, applying innovative Power Boost software (which can increase power production of the turbine by raising the output limitation under specific operating conditions) and the application of polymer shells to the leading-edge area of each blade which mitigates against the impact of blade erosion. These upgrade activities were completed in December 2020 and will allow the project to continue to deliver strong performance.

#### COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, due to its rapid spread throughout the world. In common with many governments, the UK and devolved Governments put in place restrictive measures to contain the spread of the virus. These have been in place to various extents since March 2020 and are expected to endure in some form during 2021 and perhaps 2022.

Throughout the COVID-19 restrictions, the wind farm and the control centre from which it is managed have both continued to operate fully. Turbine upgrade works were able to recommence safely and in line with government working guidance. The specific risks presented by COVID-19 are considered as part of the ‘Principal risks and uncertainties’ section of the Strategic Report. Whilst acknowledging the risks faced by the Company, COVID-19 is not deemed to impact the conclusions that the Company will continue as a going concern.

#### Brexit

Though the UK left the European Union (“EU”) on 31 January 2020, all EU laws continued to apply until 31 December 2020. Following intensive negotiation, a UK/EU Trade and Cooperation Agreement was concluded on 24 December 2020 and ratified by the Council of the European Union on 28 April 2021. The conclusion of the Trade and Cooperation Agreement greatly reduced many of the risks Brexit posed for ScottishPower, and so the Company.

A cross-business operational working-group enabled ScottishPower, and so the Company, to monitor Brexit risks at all stages, and has ensured that they are now fully integrated into the assessment of risks to the business. Further details of the remaining Brexit risks faced by the Company are provided in the ‘Principal risks and uncertainties’ section of the Strategic Report. ScottishPower, and so the Company, shall continue to monitor the consequences of Brexit, and will take mitigating action as appropriate.

#### 2020 performance

	Revenue *		Operating profit*		Capital investment**	
	2020	2019	2020	2019	2020	2019
Financial key performance indicators	£m	£m	£m	£m	£m	£m
<b>ScottishPower Renewables (WODS) Ltd</b>	<b>126.7</b>	126.6	<b>71.4</b>	72.0	<b>12.9</b>	9.7

\* Revenue and operating profit are presented on page 13.

\*\* Capital investment for 2020 is presented in Note 3 on page 22.

# SCOTTISHPOWER RENEWABLES (WODS) LIMITED

## STRATEGIC REPORT *continued*

### STRATEGIC OUTLOOK *continued*

#### 2020 performance *continued*

Revenue increased by £0.1 million to £126.7 million in 2020. The impact of lower energy prices and lower Renewables Obligation Certificate ("ROC") recycle prices was mitigated by an increase in curtailments. Both the ROC recycle price, and the curtailment activity were heavily influenced by UK demand reductions as a result of COVID-19.

Operating profit decreased by £0.6 million to £71.4 million in 2020. This was due to increased procurements and depreciation from capital investment, partially offset by lower net external services.

Capital investment increased by £3.2 million to £12.9 million. This movement is principally the result of a reassessment of the future estimated costs of decommissioning the Company's wind farm, and the costs associated with power curve upgrades.

Non-financial key performance indicators	Notes	2020	2019
Plant output (GWh)	(a)	817	746
Installed capacity (MW)	(b)	194	194
Availability	(c)	97%	97%

- (a) Plant output is a measure of the electrical output generated in the year measured in gigawatt hours ("GWh"), which in turn drives the revenues of the business.
- (b) Installed capacity represents the total number of MW fully installed within the wind farm site related to the Company. This includes all turbines erected irrespective of whether they are generating or not.
- (c) Availability is a measure of how effective the business is at ensuring wind generating plant is available and ready to generate.

#### 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 within 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

In order to deliver its strategy, ScottishPower, and therefore the Company, are required 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 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 those risks are on the following pages:

FINANCIAL RISKS	
RISK	RESPONSE
Impacts arising from COVID-19 and Brexit following market reactions to events. These could include increased volatility on the value of Sterling and foreign currencies and in the longer term, there could be positive or negative changes in the UK economy.	In addition to monitoring ongoing developments related to COVID-19 and Brexit, ScottishPower, and so the Company, has specific procedures in place to manage key market risks. Further details of the Treasury risk management policy is included in the most recent Annual Report and Accounts of SPL.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**STRATEGIC REPORT *continued***

**PRINCIPAL RISKS AND UNCERTAINTIES *continued***

<b>OPERATIONAL RISKS</b>	
<b>RISK</b>	<b>RESPONSE</b>
The impact of COVID-19 increases the risk of ScottishPower, and so the Company not being able to meet its obligations as a renewable generator. Supply chain disruption is the key area of risk which is also impacted by the Brexit deal.	<p>Business continuity plans enacted with 'Gold Command'; making strategic decisions and determining priorities across ScottishPower, and so the Company. This is underpinned by 'Silver Groups' specific to each business division at an operational level to ensure continuity of decisions and communications. This ensures consistency in prioritising key issues, and timely and efficient escalation of matters to the appropriate level of management focusing on those issues which might impact the obligations of ScottishPower, and so the Company.</p> <p>Supply chain monitoring groups were established across all business divisions to identify early shortages and gaps in the supply chain in terms of products, equipment and labour.</p> <p>This has been supplemented by emergency procurement procedures to expedite orders for replacements and utilising the framework agreements ScottishPower, and so the Company already has in place.</p> <p>Notification has been provided to subcontractors highlighting their importance in the provision of essential services such that appropriate levels of labour are maintained within the UK and devolved Governments' social distancing guidelines.</p>
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, and so the Company, 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 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, and so the Company, is vulnerable and addressing these points through technical solutions. Educating ScottishPower employees and contractors as to how behaviour can reduce this risk. Embedding cyber security in all projects where appropriate.
The potential for plant performance issues reducing plant availability. This is also impacted by restrictions on the flow of goods and equipment and mobility of labour due to COVID-19 and Brexit.	Proactive technical assessments and monitoring of key risk areas associated with wind turbine performance, diversification of the service and maintenance model where reliance is placed on framework agreement for key activities, optimising service and maintenance activities to ensure each activity is appropriate based on operational knowledge. In addition, co-ordination with the procurement team in negotiating terms and conditions with turbine suppliers and independent operations and maintenance service providers to ensure plant performance is optimised.

## SCOTTISHPOWER RENEWABLES (WODS) LIMITED

### STRATEGIC REPORT *continued*

#### PRINCIPAL RISKS AND UNCERTAINTIES *continued*

REGULATORY AND POLITICAL RISKS	
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.

#### ENGAGING WITH STAKEHOLDERS

References to “ScottishPower” apply fully to Renewables, 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, Renewables, and so the Company, engage with these stakeholders, and how these activities influence the Company’s operations, are set out below.

##### Key stakeholders

ScottishPower, and therefore Renewables and the Company, has four key stakeholder categories: customers; government and regulators; suppliers and contractors; 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, influence ScottishPower, Renewables, and so the Company, and they 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>.

#### CUSTOMERS

The Company’s key customer is ScottishPower Energy Retail Limited (“SPERL”), which is a fellow Iberdrola group company, to whom it provides energy and related services. The success of the Company depends on continuous engagement to understand and provide for the needs of SPERL.

#### GOVERNMENT AND REGULATORS

Governments and regulators play a central role in shaping the energy sector. ScottishPower engages with them directly and through trade associations, responding to issues of concern and providing expertise to support policy development. Through this engagement, ScottishPower aims to contribute to the delivery of a UK energy system that functions in the interests of customers now, and in the future, including achievement of the UK and Scottish Governments’ net zero decarbonisation targets. ScottishPower has continued to engage extensively with governments, local authorities and other stakeholders on decarbonisation, publishing in June 2020 a report ‘Unlocking Net Zero’ setting out a ten point plan to deliver jobs and investment for a green recovery.

## **SCOTTISHPOWER RENEWABLES (WODS) LIMITED**

### **STRATEGIC REPORT *continued***

#### **ENGAGING WITH STAKEHOLDERS *continued***

##### **SUPPLIERS AND CONTRACTORS**

As part of ScottishPower's mission for a better future, quicker, ScottishPower is always looking for new suppliers and contractors, and for ways to improve its working relationships with existing suppliers and contractors. ScottishPower has a broad and diverse supply chain with over 3,000 suppliers, and during 2020, was awarded contracts with a cumulative value of around £1.8 billion. Suppliers have a key role to play in the delivery of ScottishPower projects and services that ScottishPower is undertaking to provide a low-carbon future for the UK. ScottishPower aims to develop and maintain strong relationships across the supply base with a focus on health and safety, quality and cost. ScottishPower expects suppliers to operate to a high standard including working in an ethical and sustainable manner, and has a range of policies that all suppliers must adhere to including ScottishPower's Code of Ethics.

Engaging proactively with the supply chain is key in ensuring positive outcomes for both ScottishPower and its suppliers, and ScottishPower seeks to engage specifically with suppliers through a variety of methods including business update sessions focused on the supply chain, participation at trade fairs and the ScottishPower Supplier Awards, which recognise excellence in the supply chain along with giving a wide range of suppliers the opportunity to interact with both the procurement team and other ScottishPower employees.

Engagement with the supply chain has been vital during the COVID-19 pandemic and allowed the impact to be assessed not only on the supply of goods, services and progress on works, but also how the pandemic was affecting suppliers. ScottishPower asked for suppliers to highlight significant risks they were facing and how this would affect its supplies, and this put them in a position to take any remedial action as required. In order to support suppliers, ScottishPower collated information on sources of government assistance and relevant contacts, which was shared within its organisation to ensure this information could reach as many suppliers as possible.

##### ***Health and Safety***

The Company has a clear strategy to continue to improve health and safety performance using ScottishPower health and safety standards. A more extensive description of how ScottishPower, and therefore the Company, addresses health and safety requirements can be found in the most recent Annual Report and Accounts of SPL.

##### ***Modern Slavery Statement***

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower 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 ("the SPL Board"). This statement is published on the ScottishPower website at: [https://www.scottishpower.com/userfiles/file/SP\\_Modern\\_Slavery\\_Statement\\_2019.pdf?v=1.2](https://www.scottishpower.com/userfiles/file/SP_Modern_Slavery_Statement_2019.pdf?v=1.2).

##### **COMMUNITY AND ENVIRONMENT**

Being a trusted, respected and integrated part of the community is something ScottishPower continually aims for. This is realised through operating with integrity, transparency, and working closely within the community to build relationships. ScottishPower aims to ensure it conducts its activities responsibly and makes a positive contribution to society.

ScottishPower is committed to decarbonisation and minimising its environmental footprint by: reducing emissions to air, land and water, and preventing environmental harm; cutting waste and encouraging re-use and recycling; protecting natural habitats and restoring biodiversity; minimising energy consumption and use of natural and man-made resources; and sourcing material resources responsibly.

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.

##### **INNOVATION**

ScottishPower's future and strategic success relies on an innovative and dynamic culture in both internal initiatives and external collaborations. ScottishPower's diverse range of stakeholders helps it to deliver innovation activities across technical and commercial challenges. With consideration of ScottishPower values, collaboration features strongly in its open invitation model which allows close working relationships with academics, the supply chain, public agencies and customers, amongst others. Further details on the ScottishPower innovation activities relevant to the Company are provided in the most recent Annual Report and Accounts of SPL.

## SCOTTISHPOWER RENEWABLES (WODS) LIMITED

### STRATEGIC REPORT *continued*

#### SECTION 172 STATEMENT

##### Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 requires the directors of ScottishPower Renewables (WODS) Limited to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way 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 Renewables (headed by ScottishPower Renewable Energy Limited) of which the Company is a member, requires Renewables to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the performance and reputation of Renewables 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 4.
- **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 5.
- **Suppliers:** details of how ScottishPower, and so the Company, engages with its suppliers are set out in the 'Suppliers and contractors' sub-section of the Strategic Report, on page 5.
- **Government and regulators:** details of how ScottishPower, and so the Company, engages with governments and regulators are set out in the 'Government and regulators' sub-section of the Strategic Report, on page 4.

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

The directors, both individually and together as the board of ScottishPower Renewables (WODS) Limited ("the Board"), consider that the decisions taken during the year ended 31 December 2020 in discharging the function of 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



Heather Chalmers White  
Director  
21 May 2021

## **SCOTTISHPOWER RENEWABLES (WODS) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and audited Accounts for the year ended 31 December 2020.

#### **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 6:

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

#### **STREAMLINED ENERGY AND CARBON REPORTING**

The Company is exempt under section 20A of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 from the requirements to present disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency action as such disclosures relating to the SPL Group, of which the Company is a part, are presented in the most recent Annual Report and Accounts of SPL.

#### **RESULTS AND DIVIDEND**

The net profit for the year was £45.2 million (2019 £51.2 million). A dividend of £52.5 million was paid during the year (2019 £69.3 million).

#### **DIRECTORS**

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

Heather Chalmers White  
Jonathan Cole  
Victor Rey Romero

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

#### **DIRECTORS INDEMNITY**

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

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

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

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

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

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

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

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**DIRECTORS' REPORT *continued***

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

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

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

***Disclosure of information to auditor***

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

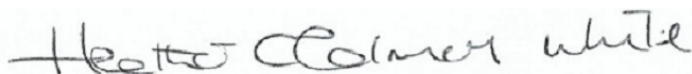
- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and;
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that 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 auditor of the Company for the year ended 31 December 2021.

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, reading "Heather Chalmers White". The signature is written in a cursive, flowing style.

**Heather Chalmers White**  
**Director**  
**21 May 2021**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER RENEWABLES (WODS) LIMITED**

### **Opinion**

We have audited the financial statements of ScottishPower Renewables (WODS) Limited ("the company") for the year ended 31 December 2020 which comprise 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 2020 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 from the date of approval of the financial statements through to 31 December 2022 ("the going concern period").

We used our knowledge of the company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the company's available financial resources over this period was the impact of a dip in power prices industry-wide due to the demand across the country being lower.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the company's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

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; and
- we found the going concern disclosure in Note 1 to be acceptable.

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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER RENEWABLES (WODS) LIMITED *continued***

### **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.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets/ recent revisions to guidance/ our overall knowledge of the control environment, 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 revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgments.

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.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and environmental protection legislation recognising the regulated nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER RENEWABLES (WODS) LIMITED *continued***

### **Strategic report and directors' report**

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 7 and 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Philip Charles (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

319 St. Vincent Street

Glasgow

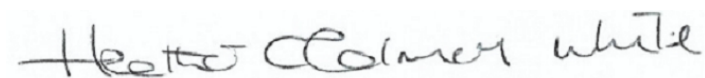
G2 5AS

26 May 2021

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**BALANCE SHEET**  
**at 31 December 2020**

	Notes	2020 £m	2019 £m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	495.5	510.5
Right-of-use assets	4	9.9	9.9
Investment in jointly controlled entity	5	-	-
<b>NON-CURRENT ASSETS</b>		<b>505.4</b>	<b>520.4</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	6	74.5	71.3
Cash		2.9	3.2
<b>CURRENT ASSETS</b>		<b>77.4</b>	<b>74.5</b>
<b>TOTAL ASSETS</b>		<b>582.8</b>	<b>594.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Of shareholders of the parent		190.5	197.8
Share capital	7, 8	160.0	160.0
Retained earnings	8	30.5	37.8
<b>TOTAL EQUITY</b>		<b>190.5</b>	<b>197.8</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	56.6	51.4
Loans and other borrowings	10	200.0	200.0
Lease liabilities	4	9.9	9.3
Trade and other payables	11	-	0.4
Deferred tax liabilities	12	51.3	44.6
<b>NON-CURRENT LIABILITIES</b>		<b>317.8</b>	<b>305.7</b>
<b>CURRENT LIABILITIES</b>			
Loans and other borrowings	10	50.5	71.7
Lease liabilities	4	0.9	0.8
Trade and other payables	11	11.8	8.7
Current tax liabilities		11.3	10.2
<b>CURRENT LIABILITIES</b>		<b>74.5</b>	<b>91.4</b>
<b>TOTAL LIABILITIES</b>		<b>392.3</b>	<b>397.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>582.8</b>	<b>594.9</b>

Approved by the Board on and signed on its behalf on 21 May 2021.



Heather Chalmers White  
Director

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2020.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2020**

	Notes	<b>2020</b> <b>£m</b>	2019 £m
Revenue		126.7	126.6
Procurements		(14.0)	(12.5)
<b>GROSS MARGIN</b>		<b>112.7</b>	114.1
<b>Net external expenses</b>		<b>(12.8)</b>	(14.5)
External services		(13.4)	(16.5)
Other operating income		0.6	2.0
<b>GROSS OPERATING PROFIT</b>		<b>99.9</b>	99.6
Net expected credit losses on trade and other receivables		-	(0.1)
Depreciation and amortisation charge, allowances and provisions	14	(28.5)	(27.5)
<b>OPERATING PROFIT</b>		<b>71.4</b>	72.0
Finance costs	15	(8.2)	(8.3)
<b>PROFIT BEFORE TAX</b>		<b>63.2</b>	63.7
Income tax	16	(18.0)	(12.5)
<b>NET PROFIT FOR THE YEAR</b>		<b>45.2</b>	51.2

Net profit for both years comprises total comprehensive income.

Net profit for both years is wholly attributable to the equity holder of ScottishPower Renewables (WODS) Limited.

All results relate to continuing operations.

The accompanying Notes 1 to 21 are an integral part of the income statement and statement of comprehensive income for the year ended 31 December 2020.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2020**

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2019	160.0	55.9	215.9
Total comprehensive income for the year	-	51.2	51.2
Dividends	-	(69.3)	(69.3)
At 1 January 2020	160.0	37.8	197.8
Total comprehensive income for the year	-	45.2	45.2
Dividends	-	(52.5)	(52.5)
<b>At 31 December 2020</b>	<b>160.0</b>	<b>30.5</b>	<b>190.5</b>

The accompanying Notes 1 to 21 are an integral part of the statement of changes in equity for the year ended 31 December 2020.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**CASH FLOW STATEMENT**  
**for the year ended 31 December 2020**

	<b>2020</b>	2019
	<b>£m</b>	£m
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>63.2</b>	63.7
Adjustments for:		
Depreciation	<b>28.5</b>	27.5
Change in provisions	-	(0.2)
Finance costs	<b>8.2</b>	8.3
Changes in working capital:		
Change in trade and other receivables	<b>(3.2)</b>	(8.6)
Change in trade and other payables	<b>2.6</b>	3.5
Income taxes paid	<b>(10.2)</b>	(7.1)
<b>Net cash flows from operating activities (i)</b>	<b>89.1</b>	87.1
<b>Cash flows from investing activities</b>		
Investments in property, plant and equipment	<b>(8.3)</b>	(2.4)
<b>Net cash flows from investing activities (ii)</b>	<b>(8.3)</b>	(2.4)
<b>Cash flows from financing activities</b>		
Decrease in amounts due to Iberdrola group companies - current loans payable	<b>(21.2)</b>	(7.4)
Dividends paid	<b>(52.5)</b>	(69.3)
Interest paid	<b>(7.0)</b>	(7.4)
Interest paid on lease liabilities	<b>(0.3)</b>	(0.5)
Payments of lease liabilities	<b>(0.1)</b>	(0.3)
<b>Net cash flows from financing activities (iii)</b>	<b>(81.1)</b>	(84.9)
<b>Net decrease in cash and cash equivalents (i)+(ii)+(iii)</b>	<b>(0.3)</b>	(0.2)
<b>Cash and cash equivalents at beginning of year</b>	<b>3.2</b>	3.4
<b>Cash and cash equivalents at end of year</b>	<b>2.9</b>	3.2
Cash and cash equivalents at end of year comprises:		
Cash	<b>2.9</b>	3.2
<b>Cash flow statement cash and cash equivalents</b>	<b>2.9</b>	3.2

The accompanying Notes 1 to 21 are an integral part of the cash flow statement for the year ended 31 December 2020.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS**  
**31 December 2020**

**1 BASIS OF PREPARATION**

**A. COMPANY INFORMATION**

ScottishPower Renewables (WODS) Limited, registered company number SC374288, 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**

**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 hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis apart from certain financial assets and liabilities which are measured at fair value.

The Accounts contain information about ScottishPower Renewables (WODS) Limited as an individual company and do not contain consolidated financial information as an investor in a joint venture. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated Accounts as it and its joint venture are included by full consolidation in the consolidated Accounts of its ultimate parent, Iberdrola, S.A.

The Accounts have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006 (refer to Note 1C1) including newly effective International Financial Reporting Standards ("IFRS") for the year ended 31 December 2020 (refer to Note 1C2), but 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;
- certain disclosures regarding revenue;
- comparative period reconciliation for property, plant and equipment;
- 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 IFRSs 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'.

**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 6.

The Company's balance sheet presents net current assets of £2.9 million as at 31 December 2020. 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 the ScottishPower Group 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 the Company's intermediate parent company, SPL. The UK treasury function works closely with Iberdrola to manage the Company's funding requirements through the global treasury function.

Throughout the year, and up to the date of signing, the economic environment has been affected by the global COVID-19 pandemic, however, due to the nature of the Company's core activities, the direct effects on cash flows are expected to be limited.

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 company cash flow forecast for the period to 31 December 2022 which indicates that, after taking account of severe but plausible downsides including the impact of the COVID-19 pandemic, the Company's existing resources and facilities are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**1 BASIS OF PREPARATION *continued***

**B. BASIS OF PREPARATION *continued***

**B2. GOING CONCERN *continued***

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 December 2022 and therefore have prepared the 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 EU law. Under the European Union (Withdrawal) Act 2018, all existing IFRSs adopted by the EU at that time have been 'frozen' into UK law thus were considered as in force in the UK at the end of the transition period. Adoptions, interpretations and amendments of IFRS adopted by the EU after the end of the transition period will no longer apply in the UK. For subsequent financial years, companies must use UK-adopted IFRS. At the end of the transition period, those standards will be identical to the EU-adopted IFRS in force on that date, but subsequently the UK has established its own endorsement process to adopt UK-adopted IFRS, interpretations and amendments of IFRS. For the year ended 31 December 2020, UK companies therefore have the option to use any standards which have been adopted for use within the UK in addition to the frozen EU-adopted IFRS.

In previous years, the Accounts have been prepared in accordance with FRS 101 applying the recognition, measurement and disclosure requirements of IFRS as adopted by the EU at the date of approval of the Accounts and which were mandatory for each financial year. In line with the above, the Accounts for the year ended 31 December 2020 have been prepared in accordance with FRS 101 applying the 'frozen' IFRS 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, will be prepared in accordance with FRS 101 applying the recognition, measurement and disclosure requirements of IFRS as adopted by the UK.

The changes in the way that IFRS are described as a result of the UK's exit from the EU, including the move to UK- adopted IFRS for accounting periods starting on or after 1 January 2021, do not represent a change in the basis of preparation which would necessitate a prior year restatement.

**C2. IMPACT OF NEW IFRS**

As noted above, these Accounts have been prepared in accordance with FRS 101. In preparing these Accounts, the Company has applied all relevant IASs, IFRSs and International Financial Reporting Interpretations Committee Interpretations ("IFRICs") (collectively referred to as "IFRS") that have been adopted by the EU/UK as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2020.

For the year ended 31 December 2020, the Company has applied the following standards and amendments for the first time:

<b>Standard</b>	<b>Note</b>
• Amendments to References to the Conceptual Framework in IFRS Standards	(a)
• Amendments to IFRS 3 'Business Combinations: Definition of a Business'	(a)
• Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': 'Definition of Material'	(a)
• Amendments to IFRS 9 'Financial Instruments'; IAS 39 'Financial Instruments: Recognition and Measurement'; and IFRS 7 'Financial Instruments: Disclosures': 'Interest Rate Benchmark Reform'	(a)

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

**2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND 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 2020, assumptions made about the future and other major sources of estimation uncertainty which have significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year relate to decommissioning costs (refer to Note 2G and Note 9).

# SCOTTISHPOWER RENEWABLES (WODS) LIMITED

## NOTES TO ACCOUNTS *continued*

31 December 2020

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

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

- A. REVENUE
- B. PROCUREMENTS
- C. PROPERTY, PLANT AND EQUIPMENT
- D. LEASED ASSETS
- E. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS
- F. FINANCIAL INSTRUMENTS
- G. DECOMMISSIONING COSTS
- H. TAXATION
- I. FOREIGN CURRENCIES

#### 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 it expects to be entitled in exchange for the goods and services. All revenue is earned wholly within the UK and is wholly attributable to the principal activity of the Company.

The supply of electricity is a performance obligation satisfied over time because the customer consumes the benefits of the electricity at the same time as it is supplied. Volume is used to measure progress towards complete satisfaction of the performance obligation as this represents the transfer of electricity to the customer. Revenue is therefore recognised based on the number of units supplied at the unit rate specified in the contract. Units are based on energy volumes that can be sold on the wholesale market and are recorded on wind farm meters and industry-wide trading and settlement systems.

The supply of ROCs is a performance obligation satisfied at a point in time. Revenue is recognised at the point the customer obtains control of the ROC, which is when the associated electricity is generated, at the unit rate specified in the contract.

Other revenues are recognised based on the consideration specified in a contract with a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in the future. The Company recognises revenue either at a specific point in time or over a period of time based on when control is transferred to the customer based on the performance obligations in the contract.

#### B. PROCUREMENTS

Procurements principally comprise the cost of electricity purchased during the year in relation to energy generation, and related direct costs and services. Costs are recorded on an accruals basis.

#### C. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and is depreciated on a straight-line basis over the estimated operational lives of the assets. Property, plant and equipment includes capitalised employee costs, interest and other directly attributable costs. Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Reviews of the estimated remaining lives and residual values of property, plant and equipment are undertaken annually. Residual values are assessed based on prices prevailing at each balance sheet date.

The main depreciation periods used by the Company are as set out below.

	Years
Wind power plants	24
Distribution facilities	24

#### D. LEASED ASSETS

A contract is, or contains a lease if, at inception, the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16 'Leases' ("IFRS 16").

An identified asset will be specified explicitly or implicitly in the contract, and will be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

# SCOTTISHPOWER RENEWABLES (WODS) LIMITED

## NOTES TO ACCOUNTS *continued*

31 December 2020

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

#### D. LEASED ASSETS *continued*

A contract conveys the right to control the use of an identified asset if the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the customer has the right to direct the use of the asset. The customer has this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. Where this is predetermined, the customer has the right to direct the use of the asset if either they have the right to operate the asset or they designed the asset in a way that predetermines how and for what purposes it will be used.

The Company has elected not to separate non-lease components and accounts for the lease and non-lease components in a contract as a single lease component.

#### D1. LESSEE

As a lessee, the Company recognises a right-of-use asset at the lease commencement date measured initially at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset, or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date over the shorter of the useful life of the underlying asset and the lease term. The right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability. The Company presents right-of-use assets within Non-current assets in the balance sheet and the depreciation charge is recorded within Depreciation, amortisation and provisions in the income statement.

The lease liability recognised at the commencement date is measured initially at the present value of the lease payments that are not paid at that date. As the rates implicit in the leases cannot be readily determined, the liabilities are discounted using the Company's incremental borrowing rate. This rate being the currency-specific interest rate that would be incurred on a loan, with similar terms, to purchase a similar asset. The incremental borrowing rates will be updated annually and applied to leases commencing in the subsequent year. Therefore, the lease liability is measured at amortised cost using the effective interest rate method. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to do so.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in the index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

This change in the lease liability will result in a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit or loss if the carrying amount of the right-of-use asset is zero.

The Company presents lease liabilities separately in the balance sheet; the discount on the liabilities unwinds over the term of the lease and is charged to Finance costs in the income statement.

The Company has elected not to recognise right-of-use assets and lease liabilities for certain short-term leases that have a lease term of twelve months or less, and leases of intangible assets. The Company recognises any lease payments associated with such leases as an expense on a straight-line basis over the lease term.

#### E. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS

At each balance sheet date, the Company reviews the carrying amount of its property, plant and equipment and leased assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (the greater of its value-in-use and its fair value less costs to sell) is estimated in order to determine the extent of the impairment loss (if any). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the risks specific to the asset and lease liabilities under IFRS 16.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

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

**E. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS *continued***

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment is recognised in the income statement in the period in which it is identified. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, net of depreciation or amortisation, if no impairment loss had been recognised.

**F. 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.

**F1. FINANCIAL ASSETS**

**F1.1 RECOGNITION AND INITIAL MEASUREMENT**

Financial assets are classified as measured at amortised cost both at initial recognition and subsequently.

Trade receivables are initially recognised when they originate. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15").

**F1.2 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 them 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. Such reclassifications are expected to be infrequent; no other reclassifications are permitted.

The Company's business model for managing financial assets refers to how it manages them 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 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.

Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

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

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

**(i) Derecognition**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when the rights to receive cash flows from the asset have expired.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**F FINANCIAL INSTRUMENTS *continued***

**F2. FINANCIAL LIABILITIES**

**F2.1 RECOGNITION AND INITIAL MEASUREMENT**

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

**F2.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT**

Financial liabilities are classified as measured at amortised cost and 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.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest charge is included as Finance costs in the income statement.

**(a) Derecognition**

The Company derecognises a financial liability when the obligation under that liability is discharged, 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, the original liability is derecognised and a new liability is recognised. The difference in their respective carrying amounts is recognised in the income statement.

**G. DECOMMISSIONING COSTS**

Provision is made, on a discounted basis, for the estimated decommissioning costs of the Company's wind farm. Capitalised decommissioning costs are depreciated over the useful lives of the related assets. The unwinding of the discount is included within Finance costs. The future estimated costs are based on the value of the costs at the balance sheet date, uplifted for inflation to the end of the useful economic life of the underlying asset, then discounted.

Decommissioning costs are subject to a degree of estimation uncertainty as they are estimated at the balance sheet date and actual decommissioning will take place in the future. There is also uncertainty over when the actual decommissioning costs will be incurred. The key sources of estimation uncertainty relate to the estimated value of the costs at the balance sheet date and the discount rate. Sensitivity disclosures are set out in Note 9.

**H. TAXATION**

Assets and liabilities for current tax are calculated using the tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax is the tax expected to be payable, or recoverable, on the difference between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profits (temporary differences), and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period in which the liability is expected to be settled, or the asset realised based on tax rates and laws enacted, or substantively enacted, at the balance sheet date. Deferred tax is charged to the income statement, except where it relates to items charged or credited to equity (via the statement of comprehensive income), in which case the deferred tax is also recognised in equity and is shown in the statement of comprehensive income.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

**I. FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the spot rate at the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, with exchange gains and losses recognised in the income statement.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**3 PROPERTY, PLANT AND EQUIPMENT**

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

	Wind power plants £m	Distribution facilities £m	Total £m
<b>Year ended 31 December 2020</b>			
<b>Cost:</b>			
At 1 January 2020	657.1	0.5	657.6
Additions	12.9	-	12.9
<b>At 31 December 2020</b>	<b>670.0</b>	<b>0.5</b>	<b>670.5</b>
<b>Depreciation:</b>			
At 1 January 2020	147.0	0.1	147.1
Depreciation for the year	27.9	-	27.9
<b>At 31 December 2020</b>	<b>174.9</b>	<b>0.1</b>	<b>175.0</b>
<b>Net book value:</b>			
<b>At 31 December 2020</b>	<b>495.1</b>	<b>0.4</b>	<b>495.5</b>
At 1 January 2020	510.1	0.4	510.5

(i) Included within the cost of property, plant and equipment is capitalised interest of £6.1 million (2019 £6.1 million).

**(b) Capital commitments**

The Company had £0.1 million of capital commitments at 31 December 2020 (2019 £9.9 million) expected to be settled within one year in both years.

**4 LEASING**

**4A LESSEE**

The Company leases land. Information about leases for which the Company is a lessee is presented below.

**(a) Nature of leases**

*Land*

The Company holds agreements to lease land (including seabeds) and for the assignment of rights to use land, primarily for operational assets, mainly a wind farm, with typical terms running up to 40 years. Certain agreements can be terminated with appropriate notice, generally up to twelve months.

Some leases contain variable lease payments that are based on the output from the wind farm. The payment terms are common for this type of lease. The fixed annual payments for the year were £0.4 million compared to variable payments made of £0.5 million. The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

*Other information*

The Company has not committed to any leases that have not yet commenced. The Company has no contracts containing residual value guarantee, no leases subject to significant restrictions or covenants and no sale and leaseback transactions.

**(b) Right-of-use assets**

	Land £m
<b>Year ended 31 December 2019</b>	
<b>Cost:</b>	
On transition to IFRS 16 at 1 January 2019 and at 31 December 2019	10.4
<b>Depreciation:</b>	
On transition to IFRS 16 at 1 January 2019	-
Charge for the year	0.5
<b>At 31 December 2019</b>	<b>0.5</b>
<b>Net book value:</b>	
<b>At 31 December 2019</b>	<b>9.9</b>
On transition to IFRS 16 at 1 January 2019	10.4

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**4 LEASING *continued***

**4A LESSEE *continued***

**(b) Right-of-use assets *continued***

<b>Year ended 31 December 2020</b>	<b>Note</b>	<b>Land £m</b>
<b>Cost:</b>		
At 1 January 2020		10.4
Adjustments for changes in liabilities	(i)	0.6
<b>At 31 December 2020</b>		<b>11.0</b>
<b>Depreciation:</b>		
At 1 January 2020		0.5
Charge for the year		0.6
<b>At 31 December 2020</b>		<b>1.1</b>
<b>Net book value:</b>		
<b>At 31 December 2020</b>		<b>9.9</b>
<b>At 1 January 2020</b>		<b>9.9</b>

- (i) Adjustments for changes in liabilities are movements in the right-of-use asset resulting from remeasurement of the associated lease liability to reflect changes to the lease payments due to any reassessment or lease modifications.  
(ii) There are no right-of-use assets measured at revalued amounts.

**(c) Lease liabilities**

The following table sets out a maturity analysis of non-derivative lease liabilities, showing the undiscounted payments to be made after the reporting date.

	<b>2020 £m</b>	<b>2019 £m</b>
Less than one year	1.4	0.8
One to five years	3.5	3.3
More than five years	11.2	11.5
<b>Total undiscounted lease liabilities at 31 December</b>	<b>16.1</b>	<b>15.6</b>
Finance cost	(5.3)	(5.5)
<b>Total discounted lease liabilities</b>	<b>10.8</b>	<b>10.1</b>

**Analysis of total lease liabilities**

Non-current	9.9	9.3
Current	0.9	0.8
<b>Total</b>	<b>10.8</b>	<b>10.1</b>

Details of ScottishPower's, and therefore the Company's, management strategy for liquidity risks inherent in the Company's lease liability can be found in the most recent Annual Report and Accounts of SPL.

**(d) Amounts recognised in the income statement**

	<b>2020 £m</b>	<b>2019 £m</b>
Interest on lease liabilities	(0.5)	(0.5)
Variable lease payments not included in the measurement of lease liabilities	(0.5)	(0.5)

**(e) Amounts recognised in the cash flow statement**

	<b>2020 £m</b>	<b>2019 £m</b>
Payments of lease liabilities	(0.1)	(0.3)
Interest paid on lease liabilities	(0.3)	(0.5)
Payments for variable lease components	(0.5)	(0.5)
<b>Total cash outflow for leases</b>	<b>(0.9)</b>	<b>(1.3)</b>

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**5 INVESTMENT IN JOINTLY CONTROLLED ENTITY**

			Equity interest in ordinary shares	
Name	Principal activity	Country of incorporation	2020	2019
Joint venture				
Morecambe Wind Limited	Provision of operational services	England and Wales	50%	50%
(a) The carrying value of the investment in Morecambe Wind Limited, which the Company holds directly, is £3 (2019 £3).				
(b) The registered office of the joint venture is 5 Howick Place, London, SW1P 1WG, England.				

**6 TRADE AND OTHER RECEIVABLES**

	Notes	2020 £m	2019 £m
<b>Current receivables:</b>			
Receivables due from Iberdrola group companies - trade		61.8	62.6
Prepayments due from jointly controlled entities		1.3	0.5
Trade receivables and accrued income		0.2	0.3
Prepayments		9.0	6.9
Other tax receivables		2.2	1.0
	(a), (b)	74.5	71.3

- (a) Trade and other receivables includes £62.0 million (2019 £62.9 million) of IFRS 15 receivables.  
(b) Impairment losses of £nil (2019 £0.1 million) were recognised during the year on receivables arising from the Company's contracts with customers.

**7 SHARE CAPITAL**

	2020 £m	2019 £m
<b>Allotted, called up and fully paid shares:</b>		
160,000,001 ordinary shares of £1 each (2019 160,000,001)	160.0	160.0

- (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.

**8 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY**

	Share capital £m	Retained earnings (Note (a)) £m	Total equity £m
At 1 January 2019	160.0	55.9	215.9
Profit for the year attributable to equity holder of the Company	-	51.2	51.2
Dividends	-	(69.3)	(69.3)
At 1 January 2020	160.0	37.8	197.8
Profit for the year attributable to equity holder of the Company	-	45.2	45.2
Dividends	-	(52.5)	(52.5)
<b>At 31 December 2020</b>	<b>160.0</b>	<b>30.5</b>	<b>190.5</b>

- (a) Retained earnings comprises the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders.

**9 PROVISIONS**

	Notes	At 1 January 2019 £m	New provisions £m	Unwinding of discount £m	Released during year £m	At 31 December 2019 £m
Year ended 31 December 2019						
Decommissioning	(a)	43.4	7.3	0.7	-	51.4
Offshore transmission asset	(b)	0.2	-	-	(0.2)	-
		43.6	7.3	0.7	(0.2)	51.4

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**9 PROVISIONS *continued***

<b>Year ended 31 December 2020</b>	<b>Note</b>	<b>At 1 January 2020 £m</b>	<b>New provisions £m</b>	<b>Unwinding of discount £m</b>	<b>At 31 December 2020 £m</b>
Decommissioning	(a)	51.4	4.6	0.6	<b>56.6</b>
<p>(a) The provision for decommissioning is the discounted future estimated costs of decommissioning the wind farm at the end of its operational life. The decommissioning of the wind farm is expected to begin in 2038. Had the estimated value of the costs at the balance sheet date been 10.0% higher or lower, this would have resulted in the decommissioning provision being £5.7 million higher and lower respectively. Had the discount rate been 0.25% higher or lower, this would have resulted in the decommissioning provision being £2.7 million lower and higher respectively.</p> <p>(b) The provision for costs to complete the offshore transmission asset, which was sold in 2015, was released during 2019.</p>					

**10 LOANS AND OTHER BORROWINGS**

**Analysis of loans and other borrowings by instrument and maturity**

<b>Instrument</b>	<b>Interest rate*</b>	<b>Maturity</b>	<b>2020 £m</b>	<b>2019 £m</b>
Loans with Iberdrola group companies	Base + 1%	On demand	<b>50.5</b>	71.7
Loans with Iberdrola group companies	3.05%	20 December 2027	<b>200.0</b>	200.0
			<b>250.5</b>	271.7

\*Base – Bank of England Base Rate

<b>Analysis of total loans and other borrowings</b>	<b>2020 £m</b>	<b>2019 £m</b>
Non-current	<b>200.0</b>	200.0
Current	<b>50.5</b>	71.7
	<b>250.5</b>	271.7

**11 TRADE AND OTHER PAYABLES**

	<b>2020 £m</b>	<b>2019 £m</b>
<b>Current trade and other payables:</b>		
Payables due to Iberdrola group companies - interest	<b>1.2</b>	1.1
Payables due to jointly controlled entities - trade	<b>1.5</b>	0.7
Trade payables	<b>9.1</b>	6.9
	<b>11.8</b>	8.7
<b>Non-current other payables:</b>		
Other payables	-	0.4

**12 DEFERRED TAX**

	<b>Property, plant and equipment £m</b>
At 1 January 2019	42.3
Charge to the income statement	2.3
At 1 January 2020	44.6
Charge to the income statement	6.7
<b>At 31 December 2020</b>	<b>51.3</b>

- (a) At 31 December 2020 the Company had unutilised capital losses of £4.6 million (2019 £4.6 million). No deferred tax asset has been recognised in the Accounts due to the unpredictability of suitable future profit streams against which these losses may be utilised.
- (b) Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% on 1 April 2020. Accordingly deferred tax balances were measured at the 17% rate, this being the tax rate enacted at the balance sheet date 31 December 2019, and the rate temporary differences were expected to reverse. Further legislation was enacted on 22 July 2020 under the Finance Act 2020 that maintains the 19% UK Corporation Tax rate. The 19% rate applies from 1 April 2020. This rate change has increased the 31 December 2020 deferred tax liability by £5.2 million.
- (c) In the 3 March 2020 Budget, the Chancellor of the Exchequer announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have been £15.6 million higher.

**13 EMPLOYEE INFORMATION**

The Company has no employees (2019 none). Details of directors' remuneration are set out in Note 20(b).

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

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

	2020	2019
	£m	£m
Property, plant and equipment depreciation charge	27.9	27.0
Right-of-use asset depreciation charge	0.6	0.5
	28.5	27.5

**15 FINANCE COSTS**

	2020	2019
	£m	£m
Interest on amounts due to Iberdrola group companies	7.1	7.0
Unwinding of discount on provisions	0.6	0.7
Interest on lease liabilities	0.5	0.5
Foreign exchange losses	-	0.1
	8.2	8.3

**16 INCOME TAX**

	2020	2019
	£m	£m
Current tax:		
UK Corporation Tax charge on profits for the year	11.3	10.2
<b>Current tax for the year</b>	<b>11.3</b>	<b>10.2</b>
Deferred tax:		
Origination and reversal of temporary differences	1.5	2.5
Impact of tax rate change	5.2	(0.2)
<b>Deferred tax for the year</b>	<b>6.7</b>	<b>2.3</b>
<b>Income tax expense for the year</b>	<b>18.0</b>	<b>12.5</b>

The tax charge on profit on ordinary activities for the year varied from the standard rate of UK Corporation Tax as follows:

	2020	2019
	£m	£m
Corporation Tax at 19% (2019 19%)	12.0	12.1
Impact of tax rate change	5.2	(0.2)
Non-deductible expenses and other permanent differences	0.8	0.6
<b>Income tax expense for the year</b>	<b>18.0</b>	<b>12.5</b>

Legislation was previously enacted to reduce the UK rate of Corporation Tax to 17% on 1 April 2020. Accordingly deferred tax balances were measured at the 17% rate at 31 December 2019. Further legislation was enacted on 22 July 2020 under the Finance Act 2020 that maintains the 19% UK Corporation Tax rate. The 19% rate applies from 1 April 2020. This rate change increased the deferred tax liability by £5.2 million. Refer to Note 12(c) for details of future tax rate changes.

**17 DIVIDENDS**

	2020	2019	2020	2019
	pence per ordinary share	pence per ordinary share	£m	£m
Interim dividend paid	32.8	43.3	52.5	69.3

**18 CONTINGENT LIABILITIES**

As part of the exercise to achieve legal separation of the businesses of Scottish Power UK plc ("SPUK") pursuant to the provision of the Utilities Act 2000, the Company and other subsidiary companies of SPUK provided guarantees to external lenders of SPUK for debt existing in that Company at 1 October 2001. The value of debt guaranteed by these companies, which was still outstanding at 31 December 2020 was £1,057.1 million (2019 £1,052.2 million).

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**19 FINANCIAL COMMITMENTS**

	<b>2020</b>						
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and thereafter</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Contractual commitments	8.8	9.0	9.2	9.5	9.7	35.9	<b>82.1</b>

There were no contractual commitments at 31 December 2019.

**20 RELATED PARTY TRANSACTIONS**

**(a) Transactions and balances arising in the normal course of business (excluding wholly owned subsidiaries of Iberdrola, S.A.)**

	<b>2020</b>	<b>2019</b>
	<b>Jointly controlled entities</b>	<b>Jointly controlled entities</b>
	<b>£m</b>	<b>£m</b>
<b>Types of transaction</b>		
Sales and rendering of services	<b>1.9</b>	0.5
Purchases and receipt of services	<b>(14.0)</b>	(12.5)
<b>Balances outstanding</b>		
Trade and other receivables	<b>1.3</b>	0.5
Trade and other payables	<b>(1.5)</b>	(0.7)

(i) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

**(b) Directors' remuneration**

The total remuneration of the directors that provided qualifying services to the Company are shown below. As these directors are remunerated for their work for the Renewables business, it has not been possible to apportion the remuneration specifically in respect of services to this Company. All three directors (2019 four) were remunerated by other companies within the Renewables business.

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Aggregate remuneration in respect of qualifying services	<b>875</b>	808
Aggregate contributions payable to a defined contribution pension scheme	<b>31</b>	29
Aggregate compensation for loss of office	-	179
Number of directors who exercised share options	<b>2</b>	2
Number of directors who received shares under a long-term incentive scheme	<b>2</b>	2
Number of directors accruing retirement benefits under a defined benefit scheme	<b>1</b>	1
Number of directors accruing retirement benefits under a defined contribution scheme	<b>1</b>	1

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Highest paid director</b>		
Aggregate remuneration	<b>477</b>	429

(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.

**(c) Ultimate and immediate parent company**

The immediate parent company is SPRUKL. The registered office of SPRUKL is The Soloist, 1 Lanyon Place, Belfast, BT1 3LP.

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 are consolidated is SPUK.

Copies of the consolidated Accounts of Iberdrola, S.A. may be obtained from the registered office of the Company at Iberdrola S.A., Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. Copies of the consolidated Accounts of SPUK may be obtained from SPUK, at its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

In addition to the parent undertakings disclosed above, the Company's other related undertaking is disclosed in Note 5.

**SCOTTISHPOWER RENEWABLES (WODS) LIMITED**  
**NOTES TO ACCOUNTS *continued***  
**31 December 2020**

**21 AUDITOR REMUNERATION**

	<b>2020</b>	2019
	<b>£000</b>	£000
Audit of the Company's annual accounts	<b>28</b>	16