THE CALLCENTRE SERVICE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2012

Registered No. 02086507

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THE CALLCENTRE SERVICE LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2012

This directors' report has been prepared in accordance with the special provisions relating to small-sized companies under section 415(A) of the Companies Act 2006

ACTIVITIES AND REVIEW
The CallCentre Service Limited, registered company number 02086507, ("the company"), was involved in the provision of loans to Scottish Power Limited group ("ScottishPower") companies during the year

RESULTS AND DIVIDENDS
The net loss for the year amounted to £38,000 (2011 £38,000) No dividend was paid during the year or in the prior year

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

Marion Venman
David Wark

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS
The directors are responsible for preparing the Directors' Report and Accounts in accordance with applicable laws and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU")

The directors are responsible for preparing Accounts for each financial period which give a true and fair view, in accordance with IFRSs, of the state of affairs of the company and of the profit or loss of the company for that period In preparing those Accounts, 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 the Accounts comply with IFRSs, subject to any material departures disclosed and explained in the Accounts, and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Accounts comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the directors in office as at the date of this Directors' 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 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

AUDITORS
Ernst & Young LLP were re-appointed auditors of the company for the year ended 31 December 2013

BY ORDER OF THE BOARD

Marion Venman
Director
29 August 2013

INDEPENDENT AUDITOR'S REPORT

to the member of The CallCentre Service Limited

We have audited the Accounts of The CallCentre Service Limited for the year ended 31 December 2012 which comprise the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Accounts in accordance with the applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the Accounts sufficient to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the Accounts In addition, we read all the financial and non-financial information in the Directors' Report and Accounts to identify material inconsistencies with the audited Accounts If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report

OPINION ON ACCOUNTS

In our opinion the Accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the Accounts are prepared is consistent with the Accounts

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Accounts 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

James Nisbet (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
29 August 2013

THE CALLCENTRE SERVICE LIMITED
BALANCE SHEETS
as at 31 December 2012 and 31 December 2011

	Notes	2012 £'000	2011 £'000
ASSETS			
CURRENT ASSETS			
Other receivables	3, 4	**2,918**	2,918
CURRENT ASSETS		**2,918**	2,918
TOTAL ASSETS		**2,918**	2,918
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the Parent		**1,880**	1,918
Share capital	5, 6	2,232	2,232
Share premium	6	305	305
Retained deficit	6	(657)	(619)
TOTAL EQUITY		**1,880**	1,918
CURRENT LIABILITIES			
Bank borrowings and other financial liabilities		**1,038**	1,000
Loans and other borrowings	7	1,038	1,000
CURRENT LIABILITIES		**1,038**	1,000
TOTAL LIABILITIES		**1,038**	1,000
TOTAL EQUITY AND LIABILITIES		**2,918**	2,918

Approved by the Board on 29 August 2013 and signed on its behalf by

Marion Venman
Director

The accompanying notes 1 to 13 are an integral part of the balance sheets for the years ended 31 December 2012 and 31 December 2011

THE CALLCENTRE SERVICE LIMITED
INCOME STATEMENTS
for the years ended 31 December 2012 and 31 December 2011

	Notes	2012 £'000	2011 £'000
Finance costs	8	(38)	(38)
LOSS BEFORE TAX		**(38)**	(38)
Income tax	9	-	-
NET LOSS FOR THE YEAR	6	**(38)**	(38)

Net loss for both years is wholly attributable to the equity holders of The CallCentre Service Limited

All results relate to continuing operations

The accompanying notes 1 to 13 are an integral part of the income statements for the years ended 31 December 2012 and 31 December 2011

THE CALLCENTRE SERVICE LIMITED
STATEMENTS OF CHANGES IN EQUITY
for the years ended 31 December 2012 and 31 December 2011

	Ordinary share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
At 1 January 2011	2,232	305	(581)	1,956
Total comprehensive income for the year	-	-	(38)	(38)
At 1 January 2012	2,232	305	(619)	1,918
Total comprehensive income for the year	-	-	(38)	(38)
At 31 December 2012	**2,232**	**305**	**(657)**	**1,880**

Total comprehensive income for both years comprises net loss for the year

The accompanying notes 1 to 13 are an integral part of the statements of changes in equity for the years ended 31 December 2012 and 31 December 2011

THE CALLCENTRE SERVICE LIMITED
CASH FLOW STATEMENTS
for the years ended 31 December 2012 and 31 December 2011

	2012 £'000	2011 £'000
Cash flows from operating activities		
Loss before tax	(38)	(38)
Adjustments for		
Finance costs	38	38
Net cash flows from operating activities	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	**2,918**	**2,918**
Cash and cash equivalents at end of year	**2,918**	**2,918**

Cash and cash equivalents at end of year comprises

Receivables due from Iberdrola group companies - loans	2,918	2,918
Cash flow statement cash and cash equivalents	**2,918**	**2,918**

The accompanying notes 1 to 13 are an integral part of the cash flow statements for the years ended 31 December 2012 and 31 December 2011

THE CALLCENTRE SERVICE LIMITED
NOTES TO ACCOUNTS
31 December 2012

1 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 have been prepared in accordance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRSs") and International Finance Reporting Interpretations Committee ("IFRIC") Interpretations (collectively referred to as IFRS), as adopted by the EU as at the date of approval of these Accounts and which are mandatory for the financial year ended 31 December 2012 The Accounts are prepared in accordance with the Accounting Policies set out in Note 2

2 ACCOUNTING POLICIES

The principal account policies applied in preparing the company's accounts are set out below

A FINANCIAL INSTRUMENTS
B TAXATION

A FINANCIAL INSTRUMENTS

(a) Cash and cash equivalents in the cash flow statement comprises net current loans receivable and payable from/to group companies

(b) All interest bearing loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method

(c) The dividends payable on the preference shares are treated as finance costs and are charged to the income statement as they are incurred As the company did not have sufficient distributable reserves in order to pay the dividends in the current or prior years, the dividends payable have been recognised as a liability within loans and other borrowings (see Note 7)

B TAXATION

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

3 OTHER RECEIVABLES

	Note	2012 £'000	2011 £'000
Receivables due from Iberdrola group companies - loans	(a)	2,918	2,918
		2,918	2,918

(a) No interest is receivable on loans due from Iberdrola group companies as the counterparties for the loans do not trade The loans are repayable on demand

4 MEASUREMENT OF FINANCIAL INSTRUMENTS

	Note	2012 Carrying amount £'000	2012 Fair value £'000	2011 Carrying amount £'000	2011 Fair value £'000
Financial assets					
Loans with Iberdrola group companies		**2,918**	**2,918**	2,918	2,918
Financial liabilities					
Preference shares	(a)	**381**	**381**	381	381
Dividends on preference shares	(a)	**657**	**657**	619	619

The carrying amount of these financial instruments is calculated as set out in Note 2A The carrying value of financial instruments is a reasonable approximation of fair value

(a) The undiscounted contractual cash flows associated with the above financial liabilities are equivalent in value and are payable in less than one year

THE CALLCENTRE SERVICE LIMITED
NOTES TO ACCOUNTS
31 December 2012

5 SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised:		
4,464,036 ordinary shares of 50p each (2011 4,464,036)	**2,232**	2,232
380,987 Preference shares of £1 each (2011 380,987)	**381**	381
	2,613	2,613
Allotted, called up and fully paid shares:		
4,464,036 ordinary shares of 50p each (2011 4,464,036)	**2,232**	2,232
	2,232	2,232

6 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE CALLCENTRE SERVICE LIMITED

	Ordinary share capital £'000	Share premium (note (a)) £'000	Retained deficit (note (b)) £'000	Total £'000
At 1 January 2011	2,232	305	(581)	1,956
Loss for the year attributable to equity holders of The CallCentre Service Limited	-	-	(38)	(38)
At 1 January 2012	2,232	305	(619)	1,918
Loss for the year attributable to equity holders of The CallCentre Service Limited	-	-	(38)	(38)
At 31 December 2012	**2,232**	**305**	**(657)**	**1,880**

(a) The share premium account represents consideration received for shares issued in excess of their nominal amount
(b) Retained deficit comprises the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders, principally dividends

7 LOANS AND OTHER BORROWINGS

	Notes	2012 £'000	2011 £'000
Loans and other borrowings			
- Preference shares	(a), (b), (c)	**381**	381
- Accrued dividends on preference shares	(d)	**657**	619
Total		**1,038**	1,000

(a) The preference shareholders are entitled to a fixed cumulative dividend of 10 pence per share per annum
(b) On a return of capital on liquidation or otherwise, the surplus assets of the company remaining after the payment of its liabilities shall be applied as follows
  (i) First in paying the holders of the ordinary shares the amounts paid up or credited as paid up
  (ii) Next paying the preference shareholders the amounts paid up or credited as paid up
  (iii) The balance of such assets shall belong to and be distributed amongst the holders of the ordinary shares
(c) The company shall be entitled to redeem all or any of the preference shares, at any time, at par
(d) As the company did not have sufficient distributable reserves in order to pay preference share dividends, these dividends have been recognised as a liability
(e) The company had undrawn committed borrowing facilities at 31 December 2012 of £nil (2011 £nil)

8 FINANCE COSTS

	2012 £'000	2011 £'000
Preference shares dividends (see Note 7)	**38**	38

9 INCOME TAX

	2012 £'000	2011 £'000
Current tax		
UK Corporation tax	-	-
Income tax for the year	-	-

The tax amount on the loss on ordinary activities for the year varied from the standard rate of UK Corporation tax as follows

	2012 £'000	2011 £'000
Corporation tax at 24 5% (2011 26 5%)	9	10
Preference shares dividends	(9)	(10)
Income tax for the year	-	-

10 RELATED PARTY TRANSACTIONS

(a) Transactions and balances arising in the normal course of business

	2012 Other Iberdrola group companies £'000	2011 Other Iberdrola group companies £'000
Types of transaction		
Finance costs	(38)	(38)
Balances outstanding		
Loans receivable	2,918	2,918
Loans payable	(1,038)	(1,000)

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

(b) Remuneration of key management personnel and directors

None of the key management personnel or directors received any remuneration from the company or from related companies, in respect of their services to the company The company has no employees

(c) Ultimate parent company

The directors regard Iberdrola S A as the ultimate parent company, which is also the parent company of the largest group in which the results of the company are consolidated The parent company of the smallest group in which the results of the company are consolidated is Scottish Power UK plc Copies of the Consolidated Accounts of Iberdrola S A may be obtained from Iberdrola S A , Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain Copies of the Consolidated Accounts of Scottish Power UK plc may be obtained from the Secretary, Scottish Power UK plc, 1 Atlantic Quay, Glasgow G2 8SP

11 AUDITOR'S REMUNERATION

	2012 £'000	2011 £'000
Audit of the company's annual accounts	1	1

No charge for auditors' remuneration is included in the profit for the year The audit fee was borne by a fellow subsidiary company

12 ACCOUNTING DEVELOPMENTS

In preparing these Accounts, the company has applied all relevant IAS, IFRS and IFRIC Interpretations which have been adopted by the EU as of the date of approval of these Accounts and which are mandatory for the financial year ended 31 December 2012

For the year ended 31 December 2012, the company has applied the following amendment for the first time
• Amendments to IFRS 7 'Financial Instruments Disclosures – Transfers of Financial Assets'

The application of this amendment did not have a significant effect on the company's results or financial policy

The following new standards and amendments have effective dates after the date of these financial statements and have not yet been implemented by the company

Standard	Notes	IASB Effective Date(for periods commencing on or after)	Planned date of application by the company
• Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'	(a)	1 July 2012	1 January 2013
• IAS 19 (Revised) 'Employee Benefits'	(a)	1 January 2013	1 January 2013
• IFRS 9 'Financial Instruments' and subsequent amendments	(b), (c)	1 January 2015	1 January 2015
• Amendments to IAS 12 'Income Taxes Deferred tax - Recovery of Underlying Assets'	(a), (d)	1 January 2012	1 January 2013
• IFRS 10 'Consolidated Financial Statements'	(c), (e)	1 January 2013	1 January 2014
• IFRS 11 'Joint Arrangements'	(c), (e)	1 January 2013	1 January 2014
• IFRS 12 'Disclosure of Interests in Other Entities'	(c), (e)	1 January 2013	1 January 2014
• IFRS 13 'Fair Value Measurement'	(f)	1 January 2013	1 January 2013
• IAS 27 (Revised) 'Separate Financial Statements'	(c), (e)	1 January 2013	1 January 2014
• IAS 28 (Revised) 'Investments in Associates and Joint Ventures'	(c), (e)	1 January 2013	1 January 2014
• Amendments to IFRS 7 'Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities'	(a)	1 January 2013	1 January 2013
• Amendments to IAS 32 'Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities'	(a)	1 January 2014	1 January 2014
• Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance'	(c), (e)	1 January 2013	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities'	(b), (c)	1 January 2014	1 January 2014
• Annual Improvements to IFRSs (2009-2011)	(a)	1 January 2013	1 January 2013
• IFRIC 21 'Levies'	(b), (c)	1 January 2014	1 January 2014
• Amendment to IAS 36 'Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets'	(b), (c)	1 January 2014	1 January 2014
• Amendment to IAS 39 'Financial Instruments Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting'	(b), (c)	1 January 2014	1 January 2014

(a) The company considers that the future application of this standard/amendment will not have a significant effect on the results or financial policy
(b) These pronouncements have not yet been adopted by the EU
(c) The company is currently considering the impact of these pronouncements
(d) The IASB effective date of this amendment was for periods commencing on or after 1 January 2012 However the amendment was not effective in the EU until 1 January 2013
(e) The IASB effective date of these pronouncements is for periods commencing on or after 1 January 2013 However the EU permits adoption of these pronouncements for periods commencing on or after no later than 1 January 2014
(f) The application of IFRS 13 for the first time as from 1 January 2013 is not expected to have a significant impact on the company's results or financial policy as the measurement framework is not significantly different to the company's current practice Additional disclosures regarding assets and liabilities measured at fair value and the sensitivity around the fair values will be required
(g) The company has chosen not to early adopt any of these standards/amendments for year ended 31 December 2012

13 GOING CONCERN

The company's business activities are set out in the Directors' Report on page 1

The company has recorded a loss after tax in both the current and the prior financial year the prior year and the company's balance sheet shows that it has net current assets of £1,880,000 and net assets of £1,880,000 at its most recent balance sheet date

The company is ultimately owned by Iberdrola S A and it participates in the Iberdrola group's centralised treasury arrangements and so shares banking facilities with its parent companies and fellow subsidiaries As a consequence, the company depends, in part, on the ability of the Iberdrola group to continue as a going concern

The directors have considered the company's funding relationship with Iberdrola to date and have considered available relevant information relating to Iberdrola's ability to continue as a going concern In addition, the directors have no reason to believe that the Iberdrola group will not continue to fund the company, should it become necessary, to enable it to continue in operational existence

On the basis of these considerations, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Therefore, they continue to adopt the going concern basis of accounting in preparing the Accounts