MANWEB ENERGY CONSULTANTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2011

Registered No. 2721712

MANWEB ENERGY CONSULTANTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31 December 2011

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MANWEB ENERGY CONSULTANTS LIMITED

DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2011

This directors' report has been prepared in accordance with the special provisions relating to small-sized companies under section 417(1) of the Companies Act 2006

ACTIVITIES AND REVIEW

The principal activity of Manweb Energy Consultants Limited, ("the company"), registered company number 2721712, was the provision of energy services

The company is no longer pursuing new customer business and only those contracts that are in existence or related to those in existence will be serviced New business and new contracts will be undertaken by ScottishPower Energy Retail Limited

RESULTS AND DIVIDENDS

The net profit for the year amounted to £11,000 (2010 £11,000) No dividends were paid during the year (2010 £nil)

DIRECTORS

The directors who held office during the year were as follows

Marc Rossi
Raymond Jack (resigned 31 December 2011)

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

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 is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are 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

MANWEB ENERGY CONSULTANTS LIMITED

DIRECTORS' REPORT *continued*

AUDITORS

Ernst & Young LLP were re-appointed auditors of the company for the year ended 31 December 2011

ON BEHALF OF THE BOARD

Marc Rossi

Marc Rossi
Director
27 June 2012

INDEPENDENT AUDITORS' REPORT

To the member of Manweb Energy Consultants Limited

We have audited the Accounts of Manweb Energy Consultants Limited for the year ended 31 December 2011 which comprise the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, and the related notes 1 to 12 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards ("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

Ernst & Young LLP

James Douglas Nisbet (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
27 June 2012

MANWEB ENERGY CONSULTANTS LIMITED
BALANCE SHEETS
as at 31 December 2011 and 31 December 2010

	Notes	2011 £'000	2010 £'000
ASSETS			
CURRENT ASSETS			
Other receivables	4	1,036	1,021
CURRENT ASSETS		1,036	1,021
TOTAL ASSETS		1,036	1,021
EQUITY AND LIABILITIES			
EQUITY			
Of shareholders of the Parent		1,032	1,021
Share capital	5,6	75	75
Retained earnings	6	957	946
TOTAL EQUITY		1,032	1,021
CURRENT LIABILITIES			
Current tax liabilities		4	-
CURRENT LIABILITIES		4	-
TOTAL LIABILITIES		4	-
TOTAL EQUITY AND LIABILITIES		1,036	1,021

Approved by the Board on 27 June 2012 and signed on its behalf by

Marc Rossi

Marc Rossi
Director

The accompanying notes 1 to 12 are an integral part of the balance sheets for the years ended 31 December 2011 and 31 December 2010

MANWEB ENERGY CONSULTANTS LIMITED
INCOME STATEMENTS
for the years ended 31 December 2011 and 31 December 2010

	Notes	2011 £'000	2010 £'000
Finance income	7	15	15
PROFIT BEFORE TAX		**15**	15
Income tax	8	(4)	(4)
NET PROFIT FOR THE YEAR	6	**11**	11

Net profit for both the current and prior year is wholly attributable to the equity holders of Manweb Energy Consultants Limited

All results relate to continuing operations

The accompanying notes 1 to 12 are an integral part of the income statements for the years ended 31 December 2011 and 31 December 2010

MANWEB ENERGY CONSULTANTS LIMITED
STATEMENTS OF CHANGES IN EQUITY
for the years ended 31 December 2011 and 31 December 2010

	Ordinary share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2010	75	935	1,010
Total comprehensive income for the year	-	11	11
At 1 January 2011	75	946	1,021
Total comprehensive income for the year	-	11	11
At 31 December 2011	**75**	**957**	**1,032**

Total comprehensive income for the year comprises net profit for the year

The accompanying notes 1 to 12 are an integral part of the statements of changes in equity for the years ended 31 December 2011 and 31 December 2010

MANWEB ENERGY CONSULTANTS LIMITED
CASH FLOW STATEMENTS
for the years ended 31 December 2011 and 31 December 2010

	2011 £'000	2010 £'000
Cash flows from operating activities		
Profit before tax	15	15
Adjustments for		
Finance income and costs	(15)	(15)
Income taxes paid	-	(1)
Interest received	15	-
Net cash flows from operating activities	**15**	(1)
Net increase/(decrease) in cash and cash equivalents	**15**	(1)
Cash and cash equivalents at beginning of year	**1,006**	1,007
Cash and cash equivalents at end of year	**1,021**	1,006

Cash and cash equivalents at end of year comprises

Receivables due from Iberdrola group companies - loans	1,021	1,006
Cash flow statement cash and cash equivalents	**1,021**	1,006

The accompanying notes 1 to 12 are an integral part of the cash flow statement for the years ended 31 December 2011 and 31 December 2010

MANWEB ENERGY CONSULTANTS LIMITED
NOTES TO THE ACCOUNTS
31 December 2011

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 2011 The Accounts are prepared in accordance with the Accounting Policies set out in Note 2

2 ACCOUNTING POLICIES

The principal accounting 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 from 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

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 MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amount and fair value of the company's financial instruments

	2011		2010	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Receivables	**1,036**	**1,036**	1,021	1,021

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

(i) The company had undrawn committed borrowing facilities at 31 December 2011 of £nil (2010 £nil)

4 OTHER RECEIVABLES

	Note	2011 £'000	2010 £'000
Receivables due from Iberdrola group companies - interest	(a)	**15**	15
Receivables due from Iberdrola group companies - loans		**1,021**	1,006
		1,036	1,021

(a) Interest on loans due from Iberdrola group companies is payable at 1% above the Bank of England base rate and the loans are repayable on demand

5 SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised:		
250,000 ordinary shares of £1 each (2010 250,000)	**250**	250
	250	250
Allotted, called up and fully paid shares:		
75,000 ordinary shares of £1 each (2010 75,000)	**75**	75
	75	75

6 ANALYSIS OF MOVEMENTS IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF MANWEB ENERGY CONSULTANTS LIMITED

	Ordinary share capital £'000	Retained earnings (Note (a)) £'000	Total £'000
At 1 January 2010	75	935	1,010
Profit for the year attributable to equity holders of Manweb Energy Consultants Limited	-	11	11
At 1 January 2011	75	946	1,021
Profit for the year attributable to equity holders of Manweb Energy Consultants Limited	-	11	11
At 31 December 2011	**75**	**957**	**1,032**

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

MANWEB ENERGY CONSULTANTS LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2011

7 FINANCE INCOME

	2011 £'000	2010 £'000
Interest receivable from Iberdrola group companies	15	15
	15	15

8 INCOME TAX

	2011 £'000	2010 £'000
Current tax		
UK Corporation tax	4	4
Income tax charge for the year	4	4

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

	2011 £'000	2010 £'000
Corporation tax at 26 5% (2010 28%)	4	4
Income tax charge for the year	4	4

9 RELATED PARTY TRANSACTIONS

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

	2011 Ultimate UK parent (Scottish Power Limited) £m	2010 Ultimate UK parent (Scottish Power Limited) £m
Types of transaction		
Finance income	15	15
Balances outstanding		
Loans receivable	1,021	1,006
Interest receivable	15	15

(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

10 AUDITORS' REMUNERATION

	2011 £000	2010 £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

11 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 2011

In addition, the EU has adopted certain IFRS standards which are not mandatory for the year ended 31 December 2011 including

- Amendments to IFRS 7 'Financial Instruments Disclosures - Transfer of Financial Assets'
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'

The company has considered the impact of these but the standards have not been adopted early for year ended 31 December 2011

In addition, the International Accounting Standards Board has also issued a number of pronouncements which have not yet been adopted by the EU and a number of exposure drafts

- IFRS 9 'Financial Instruments' and subsequent amendments
- IFRS 13 'Fair Value Measurement'
- Amendments to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities'
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'

The company is currently considering the impact of these pronouncements

12 GOING CONCERN

The company's business activities are set out in the Directors' Report on pages 1 to 2

The company has recorded a profit after tax in both the current and previous financial years and the company's balance sheet shows that it has net current assets of £1,032,000 and net assets of £1,032,000 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 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