**MANWEB ENERGY CONSULTANTS LIMITED**
**DIRECTOR'S REPORT AND ACCOUNTS**
**for the year ended 31 December 2013**

Registered No. 2721712

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**MANWEB ENERGY CONSULTANTS LIMITED**
**DIRECTOR'S REPORT**

The director presents his report and audited Accounts for the year ended 31 December 2013.

This director's report has been prepared in accordance with the special provisions relating to small-sized companies under section 415A 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. New business and new contracts will be undertaken by ScottishPower Energy Retail Limited ("SPERL").

**RESULTS AND DIVIDENDS**
The net profit for the year amounted to £12,000 (2012 £11,000). No dividends were paid during the year (2012 £nil).

**DIRECTOR**
The director who held office during the year was as follows:

Marc Rossi

**DIRECTOR'S RESPONSIBILITIES FOR THE ACCOUNTS**
The director is responsible for preparing the Director's Report and Accounts in accordance with applicable laws and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

The director is 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the Accounts comply with the Companies Act 2006. He is 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.

The director in office as at the date of this Director's Report and Accounts confirms that:

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

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

**AUDITOR**
Ernst & Young LLP was re-appointed as auditor of the company for the year ended 31 December 2013.

**ON BEHALF OF THE BOARD**

Marc Rossi

**Marc Rossi**
**Director**
**8 September 2014**

## INDEPENDENT AUDITOR'S 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 2013 which comprise the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, and the related notes 1 to 11. 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 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

As explained more fully in the Director's Responsibilities Statement set out on page 1, the director is 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 director; and the overall presentation of the Accounts. In addition, we read all the financial and non-financial information in the Director's Report and Accounts to identify material inconsistencies with the audited Accounts, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 2013 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 Director's 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 director's 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 Nisbet (Senior Statutory Auditor)**
**for and on behalf of Ernst & Young LLP, Statutory Auditor**
**Glasgow**
**8 September 2014**

**MANWEB ENERGY CONSULTANTS LIMITED**
**BALANCE SHEETS**
**as at 31 December 2013 and 31 December 2012**

| | Notes | 2013 £'000 | 2012 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| **Other receivables** | 4 | **1,059** | 1,047 |
| **CURRENT ASSETS** | | **1,059** | 1,047 |
| **TOTAL ASSETS** | | **1,059** | 1,047 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| **Of shareholders of the parent** | | **1,055** | 1,043 |
| Share capital | 5, 6 | 75 | 75 |
| Retained earnings | 6 | 980 | 968 |
| **TOTAL EQUITY** | | **1,055** | 1,043 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| **Current tax liabilities** | | **4** | 4 |
| **CURRENT LIABILITIES** | | **4** | 4 |
| **TOTAL LIABILITIES** | | **4** | 4 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,059** | 1,047 |

Approved by the Board on 8 September 2014 and signed on its behalf by:

Marc Rossi

**Marc Rossi**
**Director**

The accompanying notes 1 to 11 are an integral part of the balance sheets as at 31 December 2013 and 31 December 2012.

**MANWEB ENERGY CONSULTANTS LIMITED**
**INCOME STATEMENTS**
**for the years ended 31 December 2013 and 31 December 2012**

| | Notes | 2013 £'000 | 2012 £'000 |
|---|---|---|---|
| Finance income | 7 | 16 | 16 |
| **PROFIT BEFORE TAX** | | **16** | 16 |
| Income tax | 8 | (4) | (5) |
| **NET PROFIT FOR THE YEAR** | | **12** | 11 |

Net profit for both years is wholly attributable to the equity holders of Manweb Energy Consultants Limited.

All results relate to continuing operations.

The accompanying notes 1 to 11 are an integral part of the income statements for the years ended 31 December 2013 and 31 December 2012.

**MANWEB ENERGY CONSULTANTS LIMITED**
**STATEMENTS OF CHANGES IN EQUITY**
**for the years ended 31 December 2013 and 31 December 2012**

| | Ordinary share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|
| At 1 January 2012 | 75 | 957 | 1,032 |
| Total comprehensive income for the year | - | 11 | 11 |
| At 1 January 2013 | 75 | 968 | 1,043 |
| Total comprehensive income for the year | - | 12 | 12 |
| **At 31 December 2013** | **75** | **980** | **1,055** |

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

The accompanying notes 1 to 11 are an integral part of the statements of changes in equity for the years ended 31 December 2013 and 31 December 2012.

**MANWEB ENERGY CONSULTANTS LIMITED**
**CASH FLOW STATEMENTS**
**for the years ended 31 December 2013 and 31 December 2012**

| | 2013<br>£'000 | 2012<br>£'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 16 | 16 |
| Adjustments for: | | |
| Finance income | (16) | (16) |
| Income taxes paid | (4) | (5) |
| Interest received | 16 | 15 |
| **Net cash flows from operating activities** | **12** | 10 |
| **Net increase in cash and cash equivalents** | **12** | 10 |
| **Cash and cash equivalents at beginning of year** | **1,031** | 1,021 |
| **Cash and cash equivalents at end of year** | **1,043** | 1,031 |

Cash and cash equivalents at end of year comprises:

| | | |
|---|---|---|
| Receivables due from Iberdrola group companies - loans | 1,043 | 1,031 |
| **Cash flow statement cash and cash equivalents** | **1,043** | 1,031 |

The accompanying notes 1 to 11 are an integral part of the cash flow statements for the years ended 31 December 2013 and 31 December 2012.

## MANWEB ENERGY CONSULTANTS LIMITED
## NOTES TO ACCOUNTS
## 31 December 2013

### 1 BASIS OF PREPARATION

### A 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 Financial 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 2013. The Accounts are prepared in accordance with the Accounting Policies set out in Note 2.

### B ACCOUNTING STANDARDS

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 2013.

For the year ended 31 December 2013, the company has applied the following standards and amendments for the first time:

| Standard | Note |
|---|---|
| • Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' | (a) |
| • IAS 19 (Revised) 'Employee Benefits' | (a) |
| • Amendments to IAS 12 'Income Taxes: Deferred Tax - Recovery of Underlying Assets' | (a) |
| • IFRS 13 'Fair Value Measurement' | (a) |
| • Amendments to IFRS 7 'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities' | (a) |
| • Annual Improvements to IFRSs (2009-2011) | (a) |

(a) The application of these pronouncements did not have a material impact on the company's accounting policies, financial position or performance.

The following new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board ("IASB") but have an effective date after the date of these financial statement thus have not been implemented by the company:

| Standard | Notes | IASB effective date (for periods commencing on or after) | Planned date of application by the company |
|---|---|---|---|
| • IFRS 10 'Consolidated Financial Statements' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • IFRS 11 'Joint Arrangements' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • IFRS 12 'Disclosure of Interests in Other Entities' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • IAS 27 (Revised) 'Separate Financial Statements' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • IAS 28 (Revised) 'Investments in Associates and Joint Ventures' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities' | (b) | 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' | (b), (c) | 1 January 2013 | 1 January 2014 |
| • Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' | (b) | 1 January 2014 | 1 January 2014 |
| • Amendments to IAS 36 'Impairment of Asset – Recoverable Amount Disclosures for Non-Financial Assets' | (b) | 1 January 2014 | 1 January 2014 |
| • IFRIC 21 'Levies' | (b) | 1 January 2014 | 1 January 2014 |
| • Amendments to IAS 39 'Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting' | (b) | 1 January 2014 | 1 January 2014 |
| • Amendments to IAS 19 'Employee Benefits: Defined Benefit Plans Employee Contributions' | (b), (d) | 1 July 2014 | 1 January 2015 |
| • Annual Improvements to IFRSs (2010-2012) | (b), (d) | 1 July 2014 | 1 January 2015 |
| • Annual Improvements to IFRSs (2011-2013) | (b), (d) | 1 July 2014 | 1 January 2015 |
| • IFRS 14 'Regulatory Deferral Accounts' | (b), (d) | 1 January 2016 | 1 January 2016 |
| • Amendments to IFRS 11 'Joint Arrangements: Acquisitions of Interests in Joint Operations' | (b), (d) | 1 January 2016 | 1 January 2016 |

**1 BASIS OF PREPARATION *continued***

**B ACCOUNTING STANDARDS *continued***

| Standard *continued* | Notes | IASB effective date (for periods commencing on or after) | Planned date of application by the company |
|---|---|---|---|
| • Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' – 'Clarification of Acceptable Methods of Depreciation and Amortisation' | (b), (d) | 1 January 2016 | 1 January 2016 |
| • IFRS 15 'Revenue from Contracts with Customers' | (d), (e) | 1 January 2017 | 1 January 2017 |
| • Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' – 'Agriculture: Bearer Plants' | (b), (d) | 1 January 2016 | 1 January 2016 |
| • Amendments to IAS 27 'Separate Financial Statements: Equity Method in Separate Financial Statements' | (b), (d) | 1 January 2016 | 1 January 2016 |
| • IFRS 9 'Financial Instruments' | (d), (e) | 1 January 2018 | 1 January 2018 |

(b) The future application of these pronouncements is not expected to have a material impact on the company's accounting policies, financial position or performance.

(c) 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.

(d) These pronouncements have not yet been adopted by the EU.

(e) The directors are currently in the process of assessing the impact of these standards in relation to the company's accounting policies, financial position and performance.

(f) The company has chosen not to early adopt any of these standards/amendments for year ended 31 December 2013.

## 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 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 at 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.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Carrying amount £'000 | Fair value £'000 | Carrying amount £'000 | Fair value £'000 |
| **Financial assets** | | | | |
| Receivables | **1,059** | **1,059** | 1,047 | 1,047 |

(a) 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.

(b) The company had undrawn committed borrowing facilities at 31 December 2013 of £nil (2012 £nil).

**MANWEB ENERGY CONSULTANTS LIMITED**
**NOTES TO ACCOUNTS *continued***
**31 December 2013**

### 4 OTHER RECEIVABLES

| | Note | 2013 £'000 | 2012 £'000 |
|---|---|---|---|
| Receivables due from Iberdrola group companies - interest | (a) | **16** | 16 |
| Receivables due from Iberdrola group companies - loans | | **1,043** | 1,031 |
| | | **1,059** | 1,047 |

(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

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Authorised:** | | |
| 250,000 ordinary shares of £1 each (2012 250,000) | **250** | 250 |
| **Allotted, called up and fully paid shares:** | | |
| 75,000 ordinary shares of £1 each (2012 75,000) | **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 2012 | 75 | 957 | 1,032 |
| Profit for the year attributable to equity holders of Manweb Energy Consultants Limited | - | 11 | 11 |
| At 1 January 2013 | 75 | 968 | 1,043 |
| Profit for the year attributable to equity holders of Manweb Energy Consultants Limited | - | 12 | 12 |
| **At 31 December 2013** | **75** | **980** | **1,055** |

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

### 7 FINANCE INCOME

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Interest receivable from Iberdrola group companies | **16** | 16 |

### 8 INCOME TAX

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Current tax: | | |
| UK Corporation tax | **4** | 4 |
| Adjustments in respect of prior year | **-** | 1 |
| **Income tax charge for the year** | **4** | 5 |

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

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Corporation tax at 23.25% (2011 24.5%) | **4** | 4 |
| Adjustment in respect of prior year | **-** | 1 |
| **Income tax charge for the year** | **4** | 5 |

The rate of UK Corporation Tax reduced from 24% to 23% on 1 April 2013 and from 26% to 24% on 1 April 2012. The 2013 Finance Act includes legislation which will reduce the rate of UK Corporation Tax to 21% on 1 April 2014 and to 20% on 1 April 2015.

### 9 RELATED PARTY TRANSACTIONS
**(a) Transactions and balances arising in the normal course of business**

| | 2013 | 2012 |
|---|---|---|
| | **UK parent (Scottish Power Limited) £m** | UK parent (Scottish Power Limited) £m |
| **Types of transaction** | | |
| Finance income | **16** | 16 |
| **Balances outstanding** | | |
| Loans receivable | **1,043** | 1,031 |
| Interest receivable | **16** | 16 |

(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**

None of the key management personnel or the director 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 director regards 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 AUDITOR'S REMUNERATION

| | **2013 £000** | 2012 £000 |
|---|---|---|
| Audit of the company's annual accounts | **1** | 1 |

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

### 11 GOING CONCERN
The company's business activities are set out in the Director's Report on page 1.

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 £1,055,000 and net assets of £1,055,000 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 director has 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 director has 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 director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, he continues to adopt the going concern basis of accounting in preparing the Accounts.