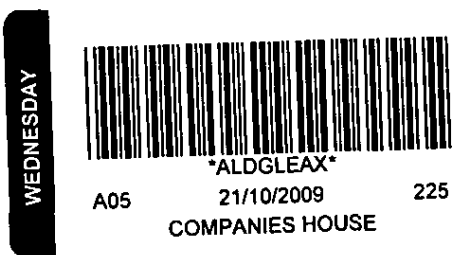


ScottishPower (SOCL) Limited
Directors' Report and Accounts
for the year ended 31 December 2008

Registered No. 3681067



ScottishPower (SOCL) Limited

Directors' Report and Accounts for the year ended 31 December 2008

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ScottishPower (SOCL) Limited

Directors' Report

The directors present their report and audited Accounts for the year ended 31 December 2008.

This directors' report has been prepared in accordance with certain special provisions relating to small sized companies under section 246(4) of the Companies Act 1985.

Activities and review

The principal activity of ScottishPower (SOCL) Limited, "the company", is to provide operational services at Shoreham Power Station, a 400 MW combined cycle gas turbine ("CCGT") electricity generating plant in Sussex. During the year, the company operated the power station in accordance with commercial requirements and oversaw all maintenance and related activities associated with the power station site. The company will continue with this activity for the foreseeable future.

Review of business and future developments

In the prior period the company changed its accounting reference date to 31 December to match that of its ultimate parent undertaking, Iberdrola S.A. Accordingly, the comparative figures presented in these Accounts are for the period from 1 April 2007 to 31 December 2007.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividend

The result for the year amounted to £nil (period ended 31 December 2007: £nil). The directors recommend that no dividend be paid for the year ended 31 December 2008 (period ended 31 December 2007: £nil).

Directors

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

Heather Chalmers White

Hugh Finlay

Frank Mitchell

David Morrison (resigned 31 January 2008)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and Accounts ("financial statements") in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice "UK GAAP" (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ScottishPower (SOCL) Limited

Directors' Report – continued

Statement of directors' responsibilities - continued

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps he/she ought to have taken as a director in order to make himself/herself 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 234ZA of the Companies Act 1985.

Auditors

Under Section 379A of the Companies Act 1985, the company has elected to dispense with the following obligations:

- to lay accounts and reports before general meetings;
- to hold annual general meetings; and
- to appoint auditors annually.

By Order of the Board



Marie Ross
Secretary
22 July 2009

ScottishPower (SOCL) Limited

Accounting Policies and Definitions

Definitions

Revenue cost definitions

Cost of sales

Cost of sales comprise the direct salary and support costs of the operational staff employed within the business, which are fully recharged to ScottishPower (SCPL) Limited.

Other definitions

Group

Iberdrola S.A. and its subsidiary undertakings.

ScottishPower

Scottish Power Limited, the company's ultimate UK parent undertaking.

ScottishPower group

Scottish Power Limited and its subsidiary undertakings.

Accounting Policies

Basis of accounting

The Accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the UK and comply with the requirements of the Companies Act 1985.

Cash flow statement

The company is exempt from including a statement of cash flows in its Accounts as it is a wholly owned subsidiary of Iberdrola S.A., which has included a consolidated statement of cash flows in its consolidated Accounts.

Turnover

Turnover comprises the sales value of services provided to ScottishPower (SCPL) Limited during the year and excludes Value Added Tax. All revenue is earned wholly within the United Kingdom.

Interest

Interest payable and receivable is recognised in the profit and loss account as it is incurred.

Current tax

Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ScottishPower (SOCL) Limited

Accounting Policies and Definitions - continued

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

ScottishPower group operates a number of defined benefit and defined contribution schemes in the UK. ScottishPower (SOCL) Limited is a participating company in these arrangements, and the contributions for the defined benefit schemes are based on pension costs across all the participating companies. The company is unable to identify its share of the underlying assets and liabilities in the defined benefit schemes, as the scheme administrators do not calculate these separately for each of the various companies participating in the schemes and therefore treats these schemes as if they were defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period.

ScottishPower (SOCL) Limited

Profit and Loss Account for the year ended 31 December 2008

		Year ended 31 December 2008 £'000	Nine months ended 31 December 2007 £'000
	Notes		
Turnover		1,546	741
Cost of sales		(1,546)	(741)
Profit on ordinary activities before taxation	1	-	-
Result for the financial year/period	6	-	-

The above results relate to continuing operations.

A statement of total recognised gains and losses and a note of historical cost profits and losses are not shown as all gains and losses for the year are recognised in the profit and loss account under the historical cost convention.

The Accounting Policies and Definitions on pages 3 and 4, together with the Notes on pages 7 to 8, form part of these Accounts.

ScottishPower (SOCL) Limited

Balance Sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Debtors	3	306	246
Creditors: amounts falling due within one year			
Other creditors	4	(296)	(236)
Net current assets		10	10
Net assets		10	10
Called up share capital	5, 6	-	-
Profit and loss account	6	10	10
Shareholder's funds		10	10

The called up share capital of the company is £2 (2007: £2).

The Accounting Policies and Definitions on pages 3 and 4, together with the Notes on pages 7 to 8, form part of these Accounts.

Approved by the Board on 22 July 2009 and signed on its behalf by



Frank Mitchell
Director

ScottishPower (SOCL) Limited

Notes to the Accounts for the year ended 31 December 2008

1 Profit on ordinary activities before taxation

The auditors' remuneration for the audit of the company was £1,000 (nine months ended 31 December 2007: £1,000).

2 Employee information

		Year ended 31 December 2008 £'000	Nine months ended 31 December 2007 £'000
(a) Employee costs	Note		
Wages and salaries		1,254	576
Social security costs		124	56
Other pension costs	7	137	93
		1,515	725

(b) Employee numbers

The year end and average numbers of employees (full-time and part-time) employed by the company, including executive directors, were:

	At year/period end		Average	
	2008	2007	Year ended 31 December 2008	Nine months ended 31 December 2007
Operations	24	18	23	17

All operational staff included in notes 2(a) and 2(b) above are seconded to ScottishPower (SCPL) Limited. Their contracts of employment are with ScottishPower (SOCL) Limited but the costs are recharged to ScottishPower (SCPL) Limited.

(c) Directors' emoluments

None of the directors received any remuneration from the company in respect of their services to the company (nine months ended 31 December 2007: £nil).

3 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	306	243
Group relief receivable	-	3
	306	246

4 Other creditors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed to group undertakings	176	180
Accrued expenses	120	56
	296	236

ScottishPower (SOCL) Limited

Notes to the Accounts for the year ended 31 December 2008 - continued

5 Share capital

	2008 £	2007 £
Authorised :		
50 (2007: 50) 'A' ordinary shares of £1 each	50	50
50 (2007: 50) 'B' ordinary shares of £1 each	50	50
Total authorised	100	100
Allotted, called up and fully paid:		
1 (2007: 1) 'A' ordinary share of £1 each	1	1
1 (2007: 1) 'B' ordinary share of £1 each	1	1
Allotted, called up and fully paid	2	2

6 Analysis of movements in shareholder's funds

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	-	10	10
Result for the year	-	-	-
At 31 December 2008	-	10	10

7 Pensions

The company's contributions payable in the year were £137,000 (nine months ended 31 December 2007: £93,000).

The company contributes to the ScottishPower group's defined benefit and defined contribution schemes in the UK. Full details of these schemes are provided in the Scottish Power UK Holdings Limited Directors' Report & Accounts. These financial statements have been prepared under International Financial Reporting Standards ("IFRS"); however, the pension assets and liabilities disclosed in accordance with IFRS would not be materially different had they been calculated under UK GAAP in accordance with Financial Reporting Standard ("FRS") 17, 'Retirement Benefits'.

As at 31 December 2008, the surplus of scheme assets over obligations in the ScottishPower group's defined benefit schemes in the UK amounted to £163.9 million (2007: surplus of £218.6 million).

The employer contribution rate for these schemes in the year ended 31 December 2008 was 15%-20.3%. The employer contribution rate for the year ending 31 December 2009 is expected to be consistent with the year ended 31 December 2008.

8 Related party transactions

In the period from 1 April 2007 to 23 April 2007, Scottish Power Limited had ultimate control over the company. On 23 April 2007, Scottish Power Limited was acquired by Iberdrola S.A.. From that date Iberdrola S.A. had ultimate control over the company. The company has taken an exemption, as allowed by FRS 8, 'Related Party Disclosures', not to disclose related party transactions with other group companies in the Iberdrola S.A. group as that company publishes full statutory consolidated Accounts.

9 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., Calle Gardoqui 8, 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.

Independent Auditors' Report

To the shareholder of ScottishPower (SOCL) Limited

We have audited the company financial statements of ScottishPower (SOCL) Limited for the year ended 31 December 2008 which comprise the Accounting Policies and Definitions, the Profit and Loss Account, the Balance Sheet and Notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

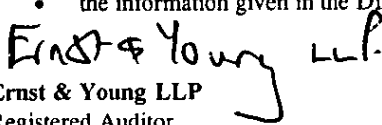
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Ernst & Young LLP
Registered Auditor
Glasgow
22 July 2009