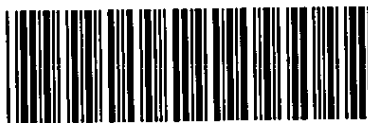


SP Finance

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

Registered No. 4587897

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

Contents	Page
Report of the Directors	1
Balance Sheet	3
Notes to the Accounts	4

SP Finance

Report of the Directors

The directors present their report and unaudited Accounts for the year to 31 December 2008.

Activities and review

The principal activity of SP Finance was to carry out financing activities in support of the ultimate parent company and the other companies in the Scottish Power group. The company did not trade during the year and was dormant.

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.

Directors

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

Adrian Coats
Marion Venman

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 year. 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.

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.

SP Finance

Report of the Directors - continued


Auditors

The company is a dormant company within the meaning of Section 249AA(1) of the Companies Act 1985 (as amended) and is exempt from appointing 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
4 August 2009

SP Finance

Balance Sheet as at 31 December 2008

	Notes	31 December 2008 £	31 December 2007 £
Current assets			
Debtors	3	100	100
Net assets		100	100
Called up share capital	4	100	100
Shareholder's funds		100	100

The Notes on page 4 form part of these Accounts.

For the year ended 31 December 2008, the company was entitled to the exemption under Section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with Section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Approved by the Board on 4 August 2009 and signed on its behalf by



Marion Venman
Director

SP Finance

Notes to the Accounts for the year ended 31 December 2008

1 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.

2 Directors' emoluments

None of the directors received any remuneration in respect of their services to the company.

3 Debtors

	31 December 2008 £	31 December 2007 £
Amounts falling due within one year:		
Called up share capital not paid	100	100
	100	100

4 Share capital

	31 December 2008 £	31 December 2007 £
Authorised		
10,100 (31 December 2007: 10,100) ordinary shares of 1p each	101	100
Allotted, called up and fully paid:		
10,025 (31 December 2007: 10,025) ordinary shares of 1p each	100	100

5 Ultimate parent company

At 31 December 2008, the directors regarded Iberdrola S.A. as the ultimate parent company, which is also the parent company of the only group in which the results of the company are consolidated. Copies of the consolidated Accounts of Iberdrola S.A. may be obtained from Iberdrola S.A., Calle Gardoqui 8, Bilbao, Spain.