

ScottishPower Telecommunications Limited

Directors' Report and Accounts for the year ended 31 March 2006

Registered No SC143862



ScottishPower Telecommunications Limited

Directors' Report and Accounts for the year ended 31 March 2006

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ScottishPower Telecommunications Limited

Report of the Directors

The directors present their report and unaudited Accounts for the year ended 31 March 2006

Activities and review

Prior to the disposal of the company's business to Thus plc on 30 September 1999, the principal activities of the company were to provide a range of telecommunications products and services. The company was not involved in trading during the year and was dormant.

Directors and their interests

The directors who held office during the year were as follows

Charles Berry	(resigned 6 September 2005)
Keith Cochrane	(appointed 13 June 2005)
David Nish	(resigned 25 May 2005)
James Stanley	(appointed 6 September 2005)

James Stanley resigned on 3 May 2006 and was replaced by Sheelagh Duffield on the same day. Keith Cochrane resigned on 30 June 2006 and was replaced by John Heasley on the same day.

Neither of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company. The interests of the directors (other than those who are also directors of a parent company of the company) in the shares of Scottish Power plc, at the beginning of the year (or date of appointment, if later) and end of the year were as follows

James Stanley	At date of appointment (6 September 2005)	Granted/ Appropriated/ Other net movement	Exercised	Lapsed	Vested	At 31 March 2006
Shares						
Ordinary Shares (*)	40,124	3,095				43,219
ESOP Free & Matching Shares (#)	1,766	154				1,920
LTIP Potential (**)	102,912					102,912
Options						
Executive Scheme	223,897					223,897
Sharesave Scheme	7,359		(2,941)			4,418

(*) These shares include Partnership Shares purchased pursuant to the Inland Revenue approved ScottishPower Employee Share Ownership Plan (ESOP)

(#) All Free Shares and Matching Shares appropriated pursuant to the Inland Revenue approved ScottishPower ESOP are held in Trust and are subject to forfeiture provisions during the three year period from the date of appropriation

(**) These shares represent, in each case, the maximum number of shares which the directors may receive, dependent on the satisfaction of certain performance criteria as approved by the shareholders of Scottish Power plc in connection with the Long Term Incentive Plan

As permitted by Statutory Instrument, the Register of Directors' Interests maintained under Section 325 of the Companies Act 1985 does not contain the interests of directors who are also directors of a company of which ScottishPower Telecommunications Limited is a wholly owned subsidiary. Accordingly, the interests of Keith Cochrane are disclosed in the Annual Report and Accounts for the year ended 31 March 2006 of Scottish Power UK Holdings Limited

ScottishPower Telecommunications Limited

Report of the Directors- continued

Directors' responsibilities

The directors are required by UK company law to prepare Accounts for each financial year 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 the profit or loss of the company for that year

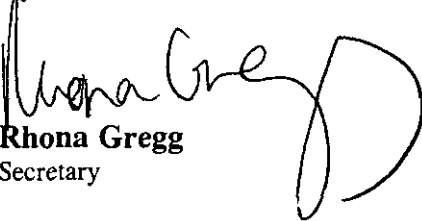
The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the Accounts for the year ended 31 March 2006. The directors also confirm that applicable accounting standards have been followed and that the Accounts have been prepared on the going concern basis

The directors are responsible for maintaining proper accounting records and sufficient internal controls to safeguard the assets of the company and to prevent and detect fraud or any other irregularities

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

By order of the Board



Rhona Gregg
Secretary

30 November 2006

ScottishPower Telecommunications Limited

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

Basis of preparation

The Accounts contain information about ScottishPower Telecommunications Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated Accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated Accounts of the ultimate holding company Scottish Power plc, a company registered in Scotland

Investments

Investments are stated in the balance sheet at cost, or nominal value of the shares issued as consideration where applicable, less provision for any impairment in value

ScottishPower Telecommunications Limited

Balance Sheet as at 31 March 2006

	Notes	2006 £'000	2005 £'000
Fixed Assets			
Investments	1	76,610	76,610
		76,610	76,610
Creditors: amounts falling due within one year			
Other creditors	2	(61,610)	(61,610)
Net current liabilities		(61,610)	(61,610)
Total assets less current liabilities		15,000	15,000
Net assets		15,000	15,000
Called up share capital	3	15,000	15,000
Equity shareholders' funds		15,000	15,000

The Accounting Policies on page 4, together with the Notes on pages 6 and 7, form part of these Accounts

For the year ended 31 March 2006 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 30 November 2006 and signed on its behalf by



John Heasley
Director

ScottishPower Telecommunications Limited

Notes to the Accounts for the year ended 31 March 2006

1 Fixed asset investments

	Subsidiary undertakings £'000
Cost as at 31 March 2005 and 31 March 2006	76,610

Principal subsidiary undertakings	Principal activity	Holding	Country of registration
Lancastrian Holdings Limited	Holding company	100%	England
SPPT Limited	Dormant	100%	England
Demon Internet Limited	Dormant	100%	England
Watermark Games Limited	Dormant	100%	England

The directors consider that to give full particulars of all undertakings would lead to a statement of excessive length. The information above comprises all directly held undertakings and includes all undertakings whose results or financial position, in the opinion of the directors, principally affect the results or financial position of the company.

2 Other creditors

	2006 £'000	2005 £'000
Amounts falling due within one year:		
Amounts owed to parent undertaking	61,610	61,610

3 Share capital

	2006 £'000	2005 £'000
Authorised		
15,000,000 (2005 15,000,000) ordinary shares of £1 each	15,000	15,000
Allotted, called up and fully paid		
15,000,000 (2005 15,000,000) ordinary shares of £1 each	15,000	15,000

ScottishPower Telecommunications Limited

Notes to the Accounts for the year ended 31 March 2006

4 Directors' emoluments

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

5 Related party transactions

Scottish Power plc has ultimate control over the company. The company has taken an exemption, as allowed by Financial Reporting Standard 8 'Related Party Disclosures', not to disclose related party transactions with other group companies as the ultimate parent company publishes full statutory consolidated Accounts

6 Ultimate parent company

The directors regard Scottish Power plc 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 both companies' consolidated Accounts can be obtained from The Secretary, Scottish Power plc, 1 Atlantic Quay, Glasgow, G2 8SP
