

**REGISTERED NO.**  
**2487475**

**SSE Energy Limited**

**Accounts for the year ended 31 March 2006**

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# **SSE Energy Limited**

## **Report of the Director**

The Director presents his report together with the audited Accounts for the year ended 31 March 2006.

### **1. Principal Activities**

The Company's principal business is to act as a licence holder for the Scottish and Southern Energy Group.

### **2. Business Review**

The Company holds an electricity supply licence under the Electricity Act 1989 for the supply of electricity, and is a party to the Balancing and Settlement Code (BSC) for the electricity supply industry in Great Britain.

The Company also holds permission from the Financial Services Authority under the Financial Services Act 1986 to deal in investments.

### **3. Results and Dividends**

The Company did not trade in the year to 31 March 2006 and made neither a profit nor a loss (2005 - £1,000). The Director does not recommend the payment of a dividend (2005 - nil).

### **4. Directors**

The Director who served during the year was as follows:

Gregor Alexander

### **5. Director's Interests in Ultimate Holding Company**

The interests of the Director in the shares of the Company's ultimate holding company, Scottish and Southern Energy plc, are noted in the Accounts of Scottish and Southern Energy plc.

### **6. Political and Charitable Donations**

During the year, no charitable or political donations were made.


### **7. Auditors**

The director who held office at the date of approval of this director's report 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 that ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **8. Change in Registered Office**

On 1 June 2006 the Company changed the location of its Registered Office to 55 Vastern Road, Reading RG1 8BU.

ON BEHALF OF THE BOARD

  
Ailsa Gray  
Company Secretary  
1 September 2006

## **SSE Energy Limited**

### **Statement of director's responsibilities in respect of the Director's Report and the Accounts**

The director is responsible for preparing the Director's Report and the Accounts in accordance with applicable law and regulations.

Company law requires the director to prepare Accounts for each financial year. Under that law they have elected to prepare the Accounts in accordance with UK Accounting Standards.

The Accounts 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 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 applicable UK Accounting Standards have been followed, 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 enable him to ensure that its Accounts comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **SSE Energy Limited**

### **Independent Auditors' Report to the Members of SSE Energy Limited**

We have audited the Accounts of SSE Energy Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These Accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Director's Responsibilities on page 2, the company's director is responsible for the preparation of the Accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the Accounts 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 Accounts 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 Accounts. We also 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 Director's 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Accounts, 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 Accounts 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 Accounts.

#### **Opinion**

In our opinion:

- the Accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its result for the year then ended;
- the Accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the Accounts.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh  
1 September 2006

## **SSE Energy Limited**

### **Profit and Loss Account for the year ended 31 March 2006**

	<b>Note</b>	<b>2006 £000</b>	<b>2005 £000</b>
Income from fixed asset investments		-	1
<b>Profit on ordinary activities before taxation</b>		-	1
Tax on profit on ordinary activities	3	-	-
<b>Retained profit for the financial year</b>	8	-	1

The above results are derived from continuing activities.

The accompanying notes are an integral part of these Accounts.

Other than the profit for the financial year, there are no other recognised gains or losses.

## SSE Energy Limited

### Balance Sheet as at 31 March 2006

	Note	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	4	5	5
<b>Current assets</b>			
Debtors	5	128,873	128,873
Creditors: amounts falling due within one year	6	(128,808)	(128,808)
<b>Net current assets</b>		65	65
<b>Net assets</b>		70	70
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Profit and loss account	8	70	70
<b>Total shareholders' funds</b>		70	70

These Accounts were approved by the Director on 1 September 2006 and signed by



Gregor Alexander, Director

# SSE Energy Limited

## Notes on the Accounts for the year ended 31 March 2006

### 1. Significant accounting policies

#### Basis of preparation

The Accounts have been prepared in accordance with all applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 1 (FRS 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated Accounts.

As the Company is a wholly owned subsidiary of Scottish and Southern Energy plc (SSE plc), it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group (the Group).

### 2. Director's, staff and auditors' remuneration

The Director received no remuneration in respect of their service to the Company (2005 - nil). There were no staff employed during the year (2005 - none). During the year the Company did not incur an audit fee (2005 - nil).

### 3. Taxation

	2006 £000	2005 £000
Current tax:		
United Kingdom corporation tax	-	-
Deferred tax	-	-
Total tax credit on loss on ordinary activities	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2006 £000	2005 £000
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	-	0.3
Effects of:		
Non-taxable income	-	(0.3)
Current tax charge for year	-	-

### 4. Fixed asset investments

	Other investments £000
At 31 March 2005 and 31 March 2006	5

The Company holds 2% of the issued share capital in Gemserv Limited, a company providing technical, financial and administrative services to utility markets in the UK and Europe.

# SSE Energy Limited

## Notes on the Accounts for the year ended 31 March 2006

### 5. Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	128,872	128,872
Accrued income and payments in advance	1	1
	<u>128,873</u>	<u>128,873</u>

### 6. Creditors: amounts falling due within one year

	2006 £000	2005 £000
Amounts due to group undertakings	<u>128,808</u>	<u>128,808</u>

### 7. Share capital

	2006 £	2005 £
Equity Authorised: 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 8. Reserves

	Profit and loss account £000
At 1 April 2005	70
Retained profit for the year	-
At 31 March 2006	<u>70</u>

### 9. Ultimate holding company

The Company is a subsidiary of Scottish and Southern Energy plc, a company registered in Scotland, whose consolidated accounts (which include those of the Company) are available from Corporate Communications, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.