

REGISTERED NO.
2487475

SSE Energy Limited

Accounts for the year ended 31 March 2007

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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 2007

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 made neither a profit nor a loss in the year to 31 March 2007 (2006 - £nil) The Director does not recommend the payment of a dividend (2006 - £nil)

4. Directors

The Director who served during the year was as follows

Gregor Alexander

5. Political and Charitable Donations

During the year, no charitable or political donations were made


6. 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

7. 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
27 September 2007

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 and applicable law (UK Generally Accepted Accounting Practice)

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 2007 which comprise 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. 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 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 2007 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
27 September 2007

SSE Energy Limited

Balance Sheet as at 31 March 2007

	Note	2007 £000	2006 £000
Fixed assets			
Investments	3	5	5
Current assets			
Debtors	4	128,873	128,873
Creditors: amounts falling due within one year	5	(128,808)	(128,808)
Net current assets		65	65
Net assets		70	70
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account	7	70	70
Total shareholders' funds		70	70

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during these years the Company made neither a profit nor a loss.

These Accounts were approved by the Director on 27 September 2007 and signed by



Gregor Alexander, Director

SSE Energy Limited

Notes on the Accounts for the year ended 31 March 2007

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 (2006 - nil). There were no staff employed during the year (2006 - none). During the year the Company did not incur an audit fee (2006 - nil).

3. Fixed asset investments

	Other investments £000
At 31 March 2006 and 31 March 2007	<u>5</u>

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.

4. Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	128,872	128,872
Accrued income and payments in advance	<u>1</u>	<u>1</u>
	<u>128,873</u>	<u>128,873</u>

5. Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts due to group undertakings	<u>128,808</u>	<u>128,808</u>

6. Share capital

	2007 £	2006 £
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>

SSE Energy Limited

Notes on the Accounts for the year ended 31 March 2007

7. Reserves

**Profit and
loss account
£000**

At 1 April 2006 and 31 March 2007

70

8. 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