

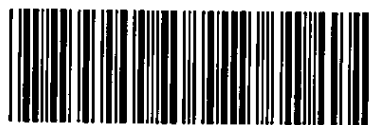
REGISTERED NO.
2624695

Swalec Gas Limited

Accounts for the year ended 31 March 2009

CONTENTS	Page No.
Report of the Directors	1
Statement of directors' responsibilities in respect of the Directors' Report and the Accounts	2
Independent Auditors' Report to the Members	3
Profit and Loss Account	4
Balance Sheet	5
Notes on the Accounts	6 - 7

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Swalec Gas Limited

Report of the Directors

The Directors present their report together with the audited Accounts for the year ended 31 March 2009.

1. Principal Activities

The Company's principal activity of the marketing and sale of natural gas in the United Kingdom was transferred to Southern Electric Gas Limited on 31 August 2001. As a result of this transfer, the Company no longer trades. The Company is licensed to sell natural gas in the United Kingdom.

2. Business Review

The Directors do not anticipate any change in activities in the forthcoming period.

3. Results and Dividends

The Company made neither a profit nor a loss in the financial year (2008 - £nil). The Directors do not recommend the payment of a dividend (2008 - £nil).

4. Directors

The Directors who served during the year were as follows:-

Gregor Alexander
Vincent Donnelly
Alistair Phillips-Davies

5. Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director 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.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

ON BEHALF OF THE BOARD



Gregor Alexander
Director
17 July 2009

Swalec Gas Limited

Statement of directors' responsibilities in respect of the Directors' Report and the Accounts

The directors are responsible for preparing the Directors' Report and the Accounts in accordance with applicable law and regulations.

Company law requires the directors 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 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 Accounts; and
- prepare the Accounts 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 its Accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Swalec Gas Limited

Independent Auditors' Report to the Members of Swalec Gas Limited

We have audited the Accounts of Swalec Gas Limited for the year ended 31 March 2009 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

The directors' responsibilities for preparing the Accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 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 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 2009 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 Directors' Report is consistent with the Accounts.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
17 July 2009

Swalec Gas Limited

Profit and Loss Account for the year ended 31 March 2009

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

Swalec Gas Limited

Balance Sheet as at 31 March 2009

	Note	2009 £000	2008 £000
Current assets			
Debtors: amounts falling due within one year	3	17,280	17,280
amounts falling due after more than one year	3	3,792	3,792
		<u>21,072</u>	<u>21,072</u>
Creditors: amounts falling due within one year	4	(41,974)	(41,974)
Net current liabilities		<u>(20,902)</u>	<u>(20,902)</u>
Total assets less current liabilities		<u>(20,902)</u>	<u>(20,902)</u>
Creditors: amounts falling due after more than one year	5	(8,500)	(8,500)
Net liabilities		<u>(29,402)</u>	<u>(29,402)</u>
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account	7	(29,402)	(29,402)
Deficit in shareholders' funds		<u>(29,402)</u>	<u>(29,402)</u>

There were no recognised gains or losses during the financial year.

These Accounts were approved by the Directors on 17 July 2009 and signed on their behalf by



Gregor Alexander, Director

Swalec Gas Limited

Notes on the Accounts for the year ended 31 March 2009

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.

The Company's balance sheet at 31 March 2009 shows a net liability position of £29,402,000 (2008 - £29,402,000). The parent company has confirmed that it will continue to provide financial support to the Company. On this basis, the directors believe that the Company will be in a position to meet its liabilities as they fall due and that the accounts are appropriately prepared on a going concern basis.

Based on this undertaking the directors believe that it remains appropriate to prepare the Accounts on a going concern basis. The Accounts do not include any adjustments that would result from this basis of preparation being inappropriate.

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. Directors', staff and auditors' remuneration

The Directors received no remuneration in respect of service to the Company (2008 - £nil). There were no staff employed during the year (2008 - nil). The audit fee for these Accounts were borne by the ultimate parent company (2008 - £nil).

3. Debtors

	2009 £000	2008 £000
Amounts falling due within one year:		
Amounts owed by group companies	17,280	17,280
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	3,792	3,792
	<u>21,072</u>	<u>21,072</u>

4. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group companies	<u>41,974</u>	<u>41,974</u>

5. Creditors: amounts falling due after one year

	2009 £000	2008 £000
Amounts owed to group companies	<u>8,500</u>	<u>8,500</u>

6. Share capital

	2009 £	2008 £
Authorised:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Swalec Gas Limited

Notes on the Accounts for the year ended 31 March 2009

7. Reserves

Profit and
loss account
£000

Balance at 1 April 2008 and 31 March 2009

(29,402)

8. Reconciliation of Movement in Shareholders' Deficit

2009	2008
£000	£000

Profit for the financial year

-

Net movement in shareholders' deficit

-

Opening shareholders' deficit

(29,402) (29,402)

Closing shareholders' deficit

(29,402) (29,402)

9. Ultimate holding company

The Company is a subsidiary of Scottish and Southern Energy plc, which is the ultimate parent company and is registered in Scotland. The largest and smallest group in which the results of the Company are consolidated is that headed by Scottish and Southern Energy plc. The consolidated accounts of the group (which include those of the Company) are available from Corporate Communications, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.