

SSE Slough Multifuel Limited

Directors report and financial statements

Period ended 31 March 2019

Registered No.: 11271136

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SSE Slough Multifuel Limited

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SSE Slough Multifuel Limited

Directors and Other Information

Directors

A. Honeyman (appointed 22 March 2018, resigned 9 October 2019)
J. Smith (appointed 22 March 2018, resigned 9 October 2019)
M. Beattie (appointed 9 October 2019)
M. Hayward (appointed 9 October 2019)
J Johnson (appointed 9 October 2019)
S Wheeler (appointed 9 October 2019)

Registered office

No.1 Forbury Place
43 Forbury Road
Reading
Berkshire
RG1 3JH

Secretary

S. Fairbairn (appointed 20 April 2018)

Auditor

KPMG LLP
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

Registered number

11271136

SSE Slough Multifuel Limited

Directors' Report

The directors present their report together with the audited financial statements for the period ended 31 March 2019.

The directors have also taken advantage of the exemption from preparing a Strategic report available under section 414b of Companies Act 2006.

1 Principal activities

The Company is a private company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 22 March 2018 and these statements are for the first reporting period to 31 March 2019.

SSE Slough Multifuel Limited is a proposed multi fuel waste incineration plant at the existing Slough Heat & Power Station, that will export 50 MW to the local grid, with the possibility of heat supply (steam) to local businesses. The project is within the refinement phase of the build.

The company is a fully owned subsidiary of SSE Generation Limited, which is registered in the UK. Its ultimate parent undertaking is SSE plc, also registered in the UK.

2 Principal risks and uncertainties

The Directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

The main financial risks that the Company could face have been considered by the Directors and are:

- Cost overruns on the Multifuel project
- Failure to complete the project on time
- Having no contracts for waste fuel or off-take for the electricity produced when constructed.

The Company transacts with other companies within the SSE plc group and is a key part of the Group's business and strategies. The principal risks and uncertainties faced by the Group are set out in the Group's annual report.

The directors are aware of the political uncertainty as a result of Brexit. This is being closely monitored by the directors but, given the activities of the Company, is not considered to have a significant impact on the financial statements for the year ended 31 March 2020.

3 Results and dividends

The loss for the period to 31 March 2019 amounted to £26,000.

The balance sheet at 31 March 2019 is set out on page 8 and indicates net liabilities of £21,000.

The directors do not recommend the payment of a dividend.

4 Directors

The directors and secretary who served during the period are as listed on page 1. In accordance with the Articles of Association of the company the directors are not required to retire by rotation.

SSE Slough Multifuel Limited

Directors' Report (continued)

5 Going concern

The directors have assessed that the company will prepare its financial statements on a going concern basis, see note 1 for details.

6 Political and charitable donations

The company did not make any political or charitable donations during the period.

7 Disclosure of information to 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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

8 Auditor

In accordance with Section 489 of the Companies Act 2006, the Group's Audit Committee confirmed that Ernst and Young LLP will be appointed External Auditor for the Group for the year ending 31 March 2020, subject to approval by shareholders at the forthcoming Annual General Meeting. It is the intention of the directors to appoint Ernst & Young LLP as External Auditor of the Company, following their appointment as External Auditor of the Group.

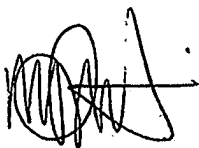
9 Post balance sheet events

There have been no significant events since the balance sheet date.

10 Brexit

The Directors are aware of the political uncertainty as a result of Brexit. This is being closely monitored by the Directors, but, given the activities of the Company, is not expected to have a significant impact on the financial statements for the year ended 31 March 2020.

On behalf of the Board:



M. Beattie
Director
13 December 2019

SSE Slough Multifuel Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

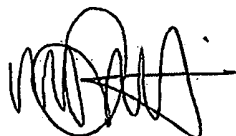
Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

On behalf of the Board:



M. Beattie
Director
13 December 2019

Independent Auditor's Report to the Members of SSE Slough Multifuel Limited

Opinion

We have audited the financial statements of SSE Slough Multifuel Limited ("the company") for the period ended 31 March 2019 which comprise the statement of other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its result for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including (*FRS 101 Reduced Disclosure Framework*); and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on the work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of SSE Slough Multifuel Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

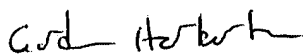
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

13 December 2019

SSE Slough Multifuel Limited

Profit and Loss Account for the period ended 31 March 2019

	Note	22 March 2018 to 31 March 2019 £'000
Inter-company loan interest	4	(26)
Loss before taxation		<u>(26)</u>
Tax on loss	5	5
Loss for the financial period		<u>(21)</u>

The company had no other comprehensive income in the period.

The notes form an integral part of these financial statements.

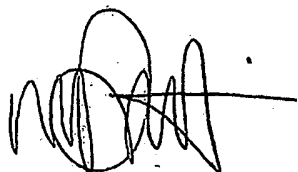
SSE Slough Multifuel Limited

Balance Sheet as at 31 March 2019

	Note	£'000
Fixed assets		
Intangible Assets	6	<u>8,034</u>
		<u>8,034</u>
Current Assets		
Trade and other receivables	7	404
Current liabilities		
Trade and other payables: amounts falling due within one year	8	(2,681)
Net current liabilities		<u>(2,277)</u>
Total assets less current liabilities		<u>5,757</u>
Trade and other payables: amounts falling due after more than one year	9	(5,778)
Net liabilities		<u>(21)</u>
Capital and reserves		
Called up share capital	10	-
Profit and loss account		<u>(21)</u>
Shareholders' deficit		<u>(21)</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board on 13 December 2019 and signed on their behalf by:



M. Beattie
Director
Company registered number: 11271136

SSE Slough Multifuel Limited

Statement of Changes in Equity for the period ended 31 March 2019

	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 22 March 2018	-	-	-
Loss for the financial period	-	(21)	(21)
Balance at 31 March 2019	-	(21)	(21)

SSE Slough Multifuel Limited

Notes on the Financial statements for the period ended 31 March 2019

1 Significant accounting policies

SSE Slough Multifuel Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK.

These financial statements are for the period from incorporation (22 March 2018) to 31 March 2019:

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 have been applied. The principal accounting policies are summarised below and have been applied consistently.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company is dependent on financial support provided by its ultimate parent, SSE plc, in the form of intercompany borrowings. Subsequent to the year end, SSE plc has given a formal undertaking not to demand repayment of these borrowings for a period of at least twelve months following the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

Financial assets

Financial assets are shown at cost less provision for any impairment in value.

SSE Slough Multifuel Limited

Notes on the Financial statements *(continued)* for the period ended 31 March 2019

1 Significant accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the period and takes into account deferred taxation.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying temporary differences can be deducted.

2 Expenses and auditor's remuneration

Auditors's remuneration in the year was £2,600 and has been borne by another Group company.

3 Staff costs and numbers

Directors Emoluments:

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £986k. The above value is for 2 directors, all of whom were remunerated via another Group company in the year. A value for allocation of services to the Company for these directors cannot be determined, therefore the above value reflects the remuneration they received for services to the Group as a whole.

The aggregate of remuneration and amounts receivable under long term investment schemes of the highest paid director was £811k. Including company pension contributions of £95k, which was made to a money purchase scheme on their behalf.

No staff are directly employed by the Company.

4 Interest (payable)/receivable

Inter-company loan interest

2019
£000
(26)
(26)

SSE Slough Multifuel Limited

Notes on the Financial statements *(continued)*
for the period ended 31 March 2019

5 Taxation

	2019 £000
Current tax	
UK corporation tax on loss for the period	(5)
Adjustments in respect of previous periods	-
Joint ventures	-
Associates	-
Total current tax credit	<u>(5)</u>
Deferred tax	
Origination and reversal of timing differences	-
Adjustment in respect of prior periods	-
Total deferred tax	<u>-</u>
Total tax (credit) on loss	<u>(5)</u>

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

	2019 £000
(Loss) before taxation	(26)
Tax on loss at standard UK corporation tax rate of 19% (2018: 19%)	(5)
Effects of:	
Expenses not deductible for tax purposes	-
Capital allowances in excess of depreciation	-
Other timing differences	-
Transfer pricing adjustment	-
Relief for losses b/f	-
Effect on change of tax rate on deferred tax	-
Adjustment to tax in respect of previous periods	-
Total tax (credit) for period	<u>(5)</u>

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

6 Intangible fixed assets

	Assets under development £'000	Total £'000
Balance at 22 March 2018	-	-
Additions	8,034	8,034
Balance at 31 March 2019	<u>8,034</u>	<u>8,034</u>

SSE Slough Multifuel Limited

Notes on the Financial statements (continued) for the period ended 31 March 2019

7 Trade and other receivables

	2019
	£'000
Amounts falling due within one year:	
Amounts owed by group undertakings	111
Other debtors	293
	<u>404</u>

8 Trade and other payables: amounts falling due within one year

	2019
	£'000
Trade creditors	110
Amounts owed to group undertakings	2,341
Accruals and deferred income	216
Other creditors	14
	<u>2,681</u>

9 Trade and other payables: amounts falling due after more than one year

	2019
	£'000
Amounts owed to group undertakings	5,778
	<u>5,778</u>

The amounts owed to group undertakings are in respect of amounts advanced to the Company by its parent, SSE plc.

10 Share capital

	2019
	£
Equity:	
Allotted, called up and fully paid:	
10 ordinary shares of £10.00 each	100
	<u>100</u>

11 Ultimate parent company

The Company is a subsidiary of SSE 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 SSE plc. The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at www.sse.com.