

REGISTERED NO.
SC386017

SSE Micro Renewables Limited

Financial statements for the period ended 31 March 2011

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SSE Micro Renewables Limited

Report of the Directors

The Directors present their report together with the audited Financial statements for the period ended 31 March 2011.

The company was incorporated on 27 September 2010 and as a result the financial statements are for the period from 27 September 2010 to 31 March 2011. They are no comparative figures.

1. Principal Activities

SSE Micro Renewables has been set up to undertake installation activities of micro generation technologies across both Domestic and Commercial markets at no cost to the end customer. The business will initially focus on the Solar PV market. Installations will be free to the customer who will benefit from the energy generated through a reduced bill. SSE Micro Renewables will benefit from the Feed In Tariff received over the life of the installation.

2. Business Review

The company did not begin trading until early in the 2011/12 financial period.

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 the Group's Risk and Trading Committee. These include mechanical failure at the Company's power station, competition, availability of fuel, wholesale market prices of electricity, gas and other commodities, economic regulation and government policies and other factors.

The Company transacts with other companies within the Scottish and Southern Energy 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.

SSE Micro Renewables Limited**Report of the Directors (continued)****3. Results and Dividends**

During the financial period the company did not trade and received no income and incurred no expenditure.

4. Directors

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

| Director | Date of appointment |
|---------------|---------------------|
| Derrick Allan | 14 October 2010 |
| Alan Evans | 27 September 2010 |

5. Political and Charitable Donations

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

6. Employment Policies

Staff are actively encouraged to be involved in Company affairs in a wide variety of ways. These include monthly team meetings, briefing documents and internal videos. Policies on such matters as Equal Opportunities and Health and Safety are regularly communicated to staff and involvement is supported through local committees. New staff joining the Company receive induction training.

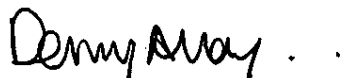
It is Company policy, where possible, to provide employment opportunities for disabled people. Staff who become disabled are supported in continuing employment through identification of suitable jobs and the provision of necessary retraining.

7. 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



Derrick Allan
Director
16 September 2011

SSE Micro Renewables 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 year. 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).

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

SSE Micro Renewables Limited

Independent Auditor's Report to the Members of SSE Micro Renewables Limited

We have audited the financial statements of SSE Micro Renewables Limited for the six months ended 31 March 2011 as set out on pages 5 to 8. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial statements

A description of the scope of an audit of Financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result for the six month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

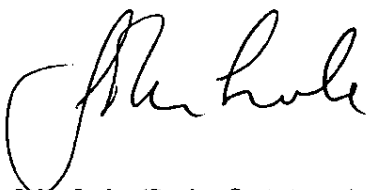
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the six month period for which the financial statements are prepared is consistent with the Financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



John Luke (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

16 September 2011

SSE Micro Renewables Limited**Profit and Loss Account
for the period ended 31 March 2011**

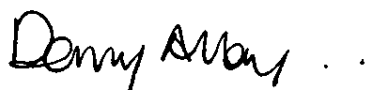
During the financial period the company did not trade and received no income and incurred no expenditure. Consequently, during that period the Company made neither a profit or loss.

SSE Micro Renewables Limited

Balance Sheet as at 31 March 2011

| | Note | 31 Mar 2011 £ |
|-----------------------------------------------|------|------------------|
| Fixed assets: | | |
| Investments | 3 | 2 |
| Current assets | | |
| Debtors: amounts owed by parent undertaking | | 1 |
| Creditors: amounts owed to parent undertaking | | (2) |
| Net current liabilities | | <u>(1)</u> |
| Net assets | | <u><u>1</u></u> |
| Capital and reserves | | |
| Called up share capital | 4 | 1 |
| Shareholders' funds | | <u><u>1</u></u> |

These financial statements were approved by the Directors on 16 September 2011 and signed on their behalf by



Derrick Allan, Director

Company Registered Number SC386017

SSE Micro Renewables Limited

Notes on the Financial statements for the period ended 31 March 2011

1. Principal accounting policies

Basis of accounting

The Financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below and have been applied consistently.

SSE Micro Renewables Limited is a wholly owned subsidiary of Scottish and Southern Energy Plc, and therefore relies upon group facilities to support its activities. The group's facilities and the rationale for preparing the group financial statements under the going concern basis are disclosed in full in the annual report and accounts of Scottish and Southern Energy Plc. For this reason, the going concern basis has been adopted in preparing the financial statements of SSE Micro Renewables Limited.

Under Financial Reporting Standard 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 Financial statements.

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

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 taxation arises in respect of items where there are timing differences between their treatment for accounting and taxation purposes. This is recognised where an obligation to pay more tax in the future has originated but not reversed at the balance sheet date. A deferred tax asset is recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. Staff, directors' and auditor's remuneration

There were no staff employed by the Company during the period. No Director received remuneration in respect of service to the Company.

The Company audit fee for the period of £1,000 was borne by the parent company.

SSE Micro Renewables Limited

Notes on the Financial statements for the period ended 31 March 2011

3. Fixed asset investments

| | At 31 March 2011 £ |
|---------------------------------------|--------------------------|
| Investment in subsidiary undertakings | |
| At 31 March 2011 | <u>2</u> |

| Subsidiary undertaking | Holding | Proportion Held | Nature of Business |
|-------------------------------------------|------------------|--------------------|----------------------------|
| SSE Micro Renewables (Commercial) Limited | 1 Ordinary share | 100% | Micro Renewable Generation |
| SSE Micro Renewables (Domestic) Limited | 1 Ordinary share | 100% | Micro Renewable Generation |

4. Share capital

The called up share capital was:

31 Mar 2011
£

Allotted, called up and fully paid:
1 ordinary share of £1

1

5. 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 financial statements of the group (which include those of the Company) are available from Corporate Communications, Inverlmond House, 200 Dunkeld Road, Perth PH1 3AQ.