

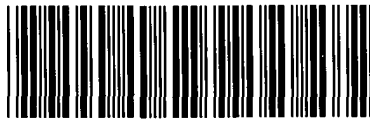
SSE Micro Renewables Limited

Director's report and financial statements

Year ended 31 March 2016

Registered No.: SC386017

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SSE Micro Renewables Limited

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SSE Micro Renewables Limited

Directors and Other Information

Directors

Derrick Allan (resigned 31 March 2016)
Alan Evans

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Secretary

Peter Grant Lawns

Auditor

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

Registered number

SC386017

SSE Micro Renewables Limited

Director's Report

The director presents the report together with the audited financial statements for the year ended 31 March 2016.

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

1 Principal activities

SSE Micro Renewables Limited moved from a dormant position two years ago to a trading position. Three installations were transferred to the company from SSE Micro Renewables Commercial Ltd which has now been disposed of. The business now focuses on the Solar PV market. The Installations are free to the customer who will benefit from the energy generated through a reduced bill. SSE Micro Renewables Limited will benefit from the Feed In Tariff, Roc's and LEC income received over the life of the installation.

2 Strategic review

The company has been trading during the year by generating electricity through solar panels. The key performance results are measured by the number of installations, the potential generation capacity of electricity and the income stream generated as a result.

	2016	2015
Number of Installations	3	3
Generation capacity (kWp)	718.67	718.67

3 Principal risks and uncertainties

The Director acknowledge that he has 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 Director has 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 Director and the Group's Risk and Trading Committee. These include competition, the wholesale market prices of Solar panels and other associated parts, economic regulation, government policies, government backed schemes, in particular FIT rates and other factors.

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.

4 Results and dividends

The profit for the financial year amounted to *£nilm (2015: profit of £0.4m)*.

The balance sheet at 31 March 2016 is set out on page 7 and indicates net assets of *£2.7m (2015: net assets of £2.6m)*.

The director does not recommend the payment of a dividend *(2015: £nil)*.

5 Director

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

SSE Micro Renewables Limited

Director's Report *(continued)*

6 Political and charitable donations

The company did not make any political or charitable donations during the year *(2015: £nil)*.

7 Post balance sheet events

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

8 Going concern

The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the company for the foreseeable future.

9 Disclosure of information to auditor

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

10 Auditor

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

On behalf of the Board:



Alan Evans
Director
24 October 2016

SSE Micro Renewables Limited

Statement of director's responsibilities in respect of the Strategic report, the Director's report and the financial statements

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has 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 director must not approve the financial statements unless he is 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 year. In preparing these financial statements, 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 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 director is 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. He has the 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.

On behalf of the Board:



Alan Evans
Director

24 October 2016

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 year ended 31 March 2016 as set out on pages 6 to Reference source not found. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

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 director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit for the year 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 Strategic Report and the Director's Report for the financial year 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

24 October 2016

SSE Micro Renewables Limited

Profit and Loss Account for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover		49,014	52,242
Cost of sales		-	-
Gross profit		49,014	52,242
Administrative costs	2	(52,321)	(74,518)
Exceptional items	2	33,893	449,999
Operating profit	2	30,586	427,723
Interest receivable and similar income	4	20,819	-
Interest payable and similar charges	5	-	(10,390)
Profit on ordinary activities before taxation		51,405	417,333
Tax on profit on ordinary activities	6	(9,157)	6,979
Profit for the financial year		42,248	424,312

Continuing operations

The above results are derived from continuing activities.

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

Total other comprehensive income

The company had no other comprehensive income in the current or prior financial years.


SSE Micro Renewables Limited

Balance Sheet as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	7	<u>642,536</u>	<u>679,356</u>
		642,536	679,356
Current assets			
Debtors:			
amounts falling due within one year	8	163,217	170,802
amounts falling due after more than one year	8	<u>1,935,240</u>	<u>1,823,930</u>
Total current assets		2,098,457	1,994,732
Current liabilities			
Creditors: amounts falling due within one year	9	(53,947)	(31,000)
Net current assets		<u>2,044,510</u>	<u>1,963,732</u>
Total assets less current liabilities		<u>2,687,046</u>	<u>2,643,088</u>
Deferred taxation	10	(10,114)	(8,404)
Net assets		<u>2,676,932</u>	<u>2,634,684</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		2,676,931	2,634,683
Equity Shareholders' funds		<u>2,676,932</u>	<u>2,634,684</u>

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Director on 24 October 2016:



Alan Evans
Director

Company registered number: SC386017

SSE Micro Renewables Limited

Statement of Changes in Equity for the year ended 31 March 2016

	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2015	1	2,210,371	2,210,372
Profit for the financial year	-	424,312	424,312
Balance at 31 March 2015	<u>1</u>	<u>2,634,683</u>	<u>2,634,684</u>
Balance at 1 April 2015	1	2,634,683	2,634,684
Profit for the financial year	-	42,248	42,248
Balance at 31 March 2016	<u>1</u>	<u>2,676,931</u>	<u>2,676,932</u>

SSE Micro Renewables Limited

Notes on the Financial statements for the year ended 31 March 2016

1 Significant accounting policies

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 all applicable United Kingdom accounting standards. 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.

The company has transitioned its adopted accounting framework from UK Generally Accepted Accounting polciies (UK GAAP) to FRS 101, details on changes effecting the company are in note 13.

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;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- 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.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosure:

- IFRS 2 Share based payments in respect of group settled share based payments, and
- Certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial instrument disclosures.

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

SSE Micro Renewables Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2016

1 Significant accounting policies *(continued)*

Turnover

Turnover is recognised to the extent that it is probable and the economic benefit will flow to the company, and that the turnover can be reliably measured. Turnover comprises the value of contracted services, facilities provided and goods sold during the year in the normal course of business.

Taxation

The credit for taxation is based on the profit for the year 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.

Tangible fixed assets

(i) Tangible fixed asset disclosure

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provisions for impairment. Assets under construction are recorded at cost. Interest on borrowings related to the financing of major capital projects is capitalised during the construction period as part of the cost of the project. Capitalisation will cease when the asset enters operational service.

(ii) Depreciation

Depreciation is provided on tangible and intangible fixed assets to write off cost, less residual values, on a straight-line basis over their estimated operational lives. The estimated operational lives are as follows:

(iii) Subsequent expenditure

Expenditure incurred to replace a component of a tangible fixed asset that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the tangible fixed asset to which it relates.

SSE Micro Renewables Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2016

2 Expenses and auditor's remuneration

Operating profit is arrived at after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	36,819	43,519
Other exceptional charges	(33,893)	(449,999)

The audit fee in the year and the previous year was borne by the Parent company, £1,000 of this was in relation to the audit of SSE Micro Renewables Limited (2015: £1,000).

During the prior year, the company disposed of its investment in SSE Micro Renewables (Domestic) Limited to Annesco, consideration received for this sale was £450,000, the company recognised a gain on disposal of £449,999.

In the current year an amount of £33,893 was paid to the company by Annesco in respect of the sale of SSE Micro Renewables (Domestic) Limited following post sale earn out conditions being met.

3 Staff costs and numbers

The director did not receive any emoluments in respect of fees or services to the company in the year ended 31 March 2016 (2015: *Nil*).

No staff are directly employed by the Company.

4 Interest receivable and similar income

	2016 £	2015 £
Interest receivable from group undertakings	(20,819)	-
	<u>20,819</u>	<u>-</u>

5 Interest payable and similar charges

	2016 £	2015 £
Interest payable to group companies	-	10,390
	<u>-</u>	<u>10,390</u>

SSE Micro Renewables Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2016

6 Taxation

	2016 £	2015 £
UK corporation tax		
Current tax on income for the period	7,447	(9,359)
Total current tax charge/(credit)	7,447	(9,359)
Deferred tax (see note 10):		
Origination and reversal of timing differences	2,834	2,380
Change in applicable tax rate	(1,124)	-
Total deferred tax	1,710	2,380
Total tax on profit on ordinary activities	9,157	(6,979)

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

	2016 £	2015 £
Profit before taxation	51,405	417,333
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	10,281	87,640
Effects of:		
Non taxable income	-	(94,619)
Effect of rate change	(1,124)	-
Total tax charge for year	9,157	(6,979)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 March 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 31 March 2016 by £1k.

7 Tangible fixed assets

	Vehicles and miscellaneous equipment £	Total £
Cost:		
At 1 April 2015	752,994	752,994
Additions	-	-
At 31 March 2016	752,994	752,994
Accumulated depreciation:		
At 1 April 2015	73,638	73,638
Charge for the year	33,752	33,752
Disposals	3,068	3,068
At 31 March 2016	110,458	110,458
Net book value:		
At 31 March 2016	642,536	642,536
At 31 March 2015	679,356	679,356

SSE Micro Renewables Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2016

8 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	12,618	10,844
Corporation tax - group relief receivable	-	9,359
Other debtors	150,599	150,599
	163,217	170,802
Amounts falling due after more than one year:		
Amounts due from group undertakings (note 29)	1,935,240	1,823,930
	1,935,240	1,823,930

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Corporation tax payable	7,447	-
Accruals and deferred income	46,500	31,000
	53,947	31,000

10 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Tangible fixed assets	-	-	10,114	8,404	10,114	8,404
Net tax liabilities	-	-	10,114	8,404	10,114	8,404

Movement in deferred tax during the year

	1 April 2015 £	Recognised in income £	Recognised in equity £	31 March 2016 £
Tangible fixed assets	8,404	1,710	-	10,114
	8,404	1,710	-	10,114

Movement in deferred tax during prior year

	1 April 2015 £	Recognised in income £	Recognised in equity £	31 March 2015 £
Tangible fixed assets	6,024	2,380	-	8,404
	6,024	2,380	-	8,404

SSE Micro Renewables Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2016

11 Share capital

	2016 £	2015 £
Equity:		
Allotted, called up and fully paid:		
1 ordinary shares of £1.00 each	1	1
	<u>1</u>	<u>1</u>

12 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.

13 Explanation of transition to FRS 101 from Adopted old UK GAAP

As stated in note 1, the Company's financial statements are now prepared in accordance with FRS 101.

The accounting policies set out in note 1 and have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 101 balance sheet, no transitional adjustments were required.