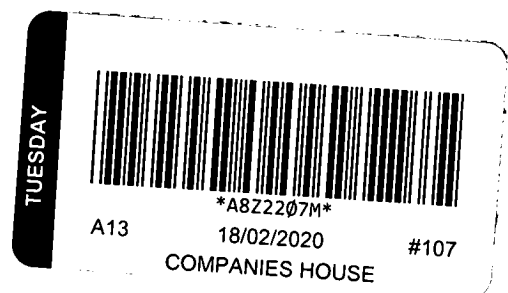


# Slough Heat & Power Limited

Directors' report and financial statements

Year ended 31 March 2019

Registered No.: 00174142



# Slough Heat & Power Limited

## Contents

	Page No.
Directors and other information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	5
Independent auditor's report to the members of Slough Heat & Power Limited	6
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes on the financial statements	11

# Slough Heat & Power Limited

## Directors and other information

### Directors

J. Mullen  
M. Hayward

### Registered address

No.1 Forbury Place  
43 Forbury Road  
Reading  
United Kingdom  
RG1 3JH

### Secretary

B. Sharma (resigned 19 August 2019)  
M. S. Khalid (appointed 19 August 2019)

### Auditor

KPMG LLP  
Chartered Accountants  
Arlington Business Park  
Theale, Reading  
RG7 4SD

### Registered number

00174142

# Slough Heat & Power Limited

## Strategic report

The directors submit their report and audited financial statements of Slough Heat & Power Limited (the 'Company') for the year ended 31 March 2019.

This strategic report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of the Company.

The strategic and financial review sets out the main trends and factors underlying the development and performance of the Company during the year ended 31 March 2019, as well as those matters which are likely to affect its future development and performance.

### 1 Business review

The Company is the service company for the Slough Heat & Power (SHP) group of companies. SHP's combined heat and power (CHP) plant is located in Slough, Berkshire and uses recycled wood as its primary fuel, although it does have the ability to also burn waste fuel, namely ready to use (RTU), supplied from the waste industry. As well as selling electricity to SSE EPM Limited, a related company, it also supplies electricity, steam, hot water and potable water via private distribution networks to Slough Trading Estate, the largest trading estate in the south of England.

The Company provides operational staffing, maintenance and administrative services to Slough Electricity Contracts Limited, Slough Utility Services Limited and Fibre Power (Slough) Limited which operate the plant and equipment.

The profit and loss account for the year ended 31 March 2019 is set out on page 8. The profit for the year after taxation amounted to £427k (2018: £61k). The balance sheet at 31 March 2019 is set out on page 9 and indicates net assets of £28,508k (2018: £25,799k). No significant changes to business operations during the year. Improvements in profitability due to interest received on intercompany loan to SSE plc.

### 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 the Group's Risk and Trading Committee. These include economic regulation and government policies. Management meetings are held at least monthly to address current market factors.

The adoption of IFRS 15 had no impact on the presentation of the financial statements for the year ended 31 March 2019.

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 expected to have a significant impact on the financial statements for the year ended 31 March 2020.

# Slough Heat & Power Limited

## Strategic report *(continued)*

### 3 Key performance indicators

The directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the Company is performing.

Financial	2019	2018
Gross Profit/Loss- £000	-	(194)
Turnover - £000	8,946	5,605

On behalf of the board



J. Mullen  
Director

13 February 2020

# Slough Heat & Power Limited

## Directors' report

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

### 1 Principal activities

Slough Heat & Power Limited's principal activity is as the service company for the SHP group of companies. The Company is also responsible for the maintenance and administration functions of the SHP group and recharges these costs to the operating companies.

### 2 Results and dividends

The profit for the financial year amounted to £427k (2018: £61k).

The directors do not recommend the payment of a dividend (2018: *Nil*).

### 3 Directors

The directors and secretary who served during the year 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.

### 4 Post balance sheet events

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

### 5 Disclosure of information to auditor

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### 6 Political and charitable donations

The Company did not make any political or charitable donations during the year (2018: *Nil*).

### 7 Auditor

In accordance with Section 489 of the Companies Act 2006, Ernst and Young LLP were appointed as SSE Group's External Auditor for the year ending 31 March 2020 at the Annual General Meeting held on 18 July 2019. Following their appointment as External Auditor of the Group, it is the intention of the directors to appoint Ernst & Young LLP as External Auditor of the Company

### 8 Going concern

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

On behalf of the Board:



J. Mullen  
Director  
13 February 2020

## Slough Heat & Power Limited

### Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

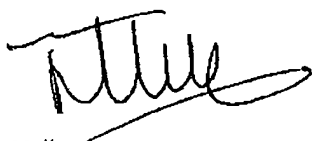
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure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



J. Mullen  
Director

13 February 2020

## **Independent Auditor's Report to the Members of Slough Heat & Power Limited**

### **Opinion**

We have audited the financial statements of Slough Heat and Power Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Balance Sheet, 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 profit for the year 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 that report 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 that 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 Slough Heat & Power 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 5, 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](http://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.



**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Theale, Reading  
RG7 4SD  
14 February 2020

# Slough Heat & Power Limited

## Profit and loss account for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	2	8,946	5,605
Cost of sales		(8,946)	(5,799)
Gross profit/(loss)		-	(194)
Administrative costs	3	(103)	(82)
Operating loss		(103)	(276)
Interest receivable and similar income	6	649	402
Interest payable and similar charges	6	(30)	(29)
Profit before taxation		516	97
Tax on profit	7	(89)	(36)
Profit for the financial year		427	61

### 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.

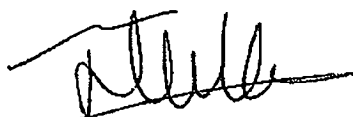
# Slough Heat & Power Limited

Balance sheet  
as at 31 March 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	8	1,498	1,772
Intangible assets	9	-	1,323
Investments	10	416	416
Deferred tax Asset	13	165	123
		<u>2,079</u>	<u>3,634</u>
<b>Current assets</b>			
Debtors:			
amounts falling due within one year	11	19,601	4,310
amounts falling due after more than one year	11	61,367	57,307
<b>Total current assets</b>		<u>80,968</u>	<u>61,617</u>
<b>Current liabilities</b>			
<b>Creditors: amounts falling due within one year</b>	12	(53,198)	(38,141)
<b>Net current assets</b>		<u>27,770</u>	<u>23,476</u>
<b>Total assets less current liabilities</b>		<u>29,849</u>	<u>27,110</u>
Provisions for liabilities and charges	14	(1,341)	(1,311)
<b>Net assets</b>		<u>28,508</u>	<u>25,799</u>
<b>Capital and reserves</b>			
Called up share capital	15	90,507	90,507
Profit and loss account		(130,660)	(131,114)
Capital contribution		68,661	66,406
<b>Equity Shareholders' funds</b>		<u>28,508</u>	<u>25,799</u>

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

These financial statements were approved by the directors on 13 February 2020 and signed on their behalf by:



J. Mullen  
Director  
Slough Heat & Power Limited  
Company registered number: 00174142

## Slough Heat & Power Limited

### Statement of changes in equity for the year ended 31 March 2019

	Share capital £000	Retained earnings £000	Capital contribution £000	Total equity £000
Balance at 1 April 2017	90,507	(131,208)	66,406	25,705
Profit for the financial year	-	61	-	61
Credit in respect of employee share awards	-	33	-	33
Balance at 31 March 2018	90,507	(131,114)	66,406	25,799
Balance at 1 April 2018	90,507	(131,114)	66,406	25,799
Profit for the financial year	-	427	-	427
Capital Contribution	-	-	2,255	2,255
Credit in respect of employee share awards	-	27	-	27
Balance at 31 March 2019	90,507	(130,660)	68,661	28,508

# Slough Heat & Power Limited

## Notes on the financial statements for the year ended 31 March 2019

### 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.

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;
- 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:

- Certain disclosures, required by *IAS 36 Impairment of assets*, in respect of the impairment of goodwill and life intangible assets.
- 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.

#### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, SSE Plc, not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £52.4m. SSE Plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Turnover

Turnover comprises the recharge of maintenance and administration costs, excluding value added tax, incurred in connection with the generation and supply of electricity, heat, steam and water and is recognised at point in time as services are discharged.

# Slough Heat & Power Limited

## Notes on the financial statements *(continued)* for the year ended 31 March 2019

### 1 Significant accounting policies *(continued)*

#### Operating leases

Leases in which the group does not have substantially all risks and rewards of ownership are classified as operating leases. Payments, including prepayments, made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

#### 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Tangible fixed assets

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

##### (i) Depreciation

Depreciation is provided on tangible 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:

	Years
Generation assets	20
Decommissioning assets	14

##### (ii) 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.

#### Intangible assets

##### (i) Development assets

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised where a new product or process is considered technically and commercially feasible and the Company intends, and has the technical ability and sufficient resources, to complete development, that future economic benefits are probable and where the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve the planning, design, construction and testing of new, or substantially improved, generation plant and processes. The expenditure capitalised includes options over land rights, planning application costs, environmental impact studies and other costs incurred in bringing development projects to the consented stage.

Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. When development reaches the consented stage and is approved, the carrying value is transferred to Assets Under the Course of Construction.

# Slough Heat & Power Limited

## Notes on the financial statements *(continued)* for the year ended 31 March 2019

### 1 Significant accounting policies *(continued)*

#### Investments

Fixed asset investments are stated at cost less any provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

#### Employee benefit obligations

##### Pensions

Contributions to pension schemes on behalf of the employees of the Company are charged to the profit and loss account in accordance with the contributions incurred in the year.

Some of the Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the plan is recognised fully by the sponsoring employer, which is another member of the group. The Company recognises a cost equal to its contribution payable for the period. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### Equity and equity-related compensation benefits

SSE plc, the ultimate parent of the Company, operates a number of All Employee Share Schemes as described in the Remuneration Report of the Group. These schemes enable Group employees to acquire shares of the ultimate parent company. The employees of the Company are entitled, where applicable, to participate in these schemes. The Company has not been charged with the cash cost of acquiring shares on behalf of its employees, this cost is borne by the Ultimate Parent Company. Where the fair value of the options granted has been measured, the Company has recognised the expense as if the share based payments related to the Company's own shares.

The exercise prices of the sharesave scheme are set at a discount to market price at the date of the grant. The fair value of the sharesave scheme option granted is measured at the grant date by use of an option pricing model. The fair value of the options granted is recognised as an expense on a straight-line basis over the period that the scheme vests. Estimates are updated at each balance sheet date with any adjustment in respect of the current and prior years being recognised in the profit and loss account.

The costs associated with the other main employee schemes, the share incentive plan and the deferred bonus scheme, are recognised over the period to which they relate.

##### Decommissioning

Provision is made for the net present value of the estimated cost of decommissioning generation assets at the end of their useful lives. The estimates are based on technology and prices at the balance sheet date. A corresponding decommissioning asset is recognised and is included within tangible fixed assets when the provision gives access to future economic benefits. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the decommissioning asset is depreciated on a straight-line basis over the expected useful life of the asset.

# Slough Heat & Power Limited

## Notes on the financial statements *(continued)* for the year ended 31 March 2019

### 2 New accounting policies and reporting changes

#### IFRS 9 'Financial Instruments'

The adoption of IFRS 9 had no material impact on the presentation of the financial statements for the year ended 31 March 2019.

#### IFRS 15 'Revenue from contracts with customers'

The adoption of IFRS 15 had no material impact on the presentation of the financial statements for the year ended 31 March 2019. No contract receivables were recognised following adoption at March 2019.

	Recharge of overheads to intercompany
	2019
	£000
Disaggregation of Revenue	
Revenue	8,946

### 3 Expenses and auditor's remuneration

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

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	103	82
Operating lease rentals - Other	440	407
	<u>543</u>	<u>489</u>

The Company incurred an audit fee of £4,000 (2018: £4,000) in the year.

### 4 Staff costs and numbers

	2019	2018
	£000	£000
Staff costs:		
Wages and salaries	2,926	2,384
Social security costs	271	297
Contributions to defined contributions plans	506	445
Share based remuneration	27	33
	<u>3,730</u>	<u>3,159</u>

The Company bears the cost of all employees of the Slough Heat & Power group.

#### Employee numbers

	2019	2018
	Number	Number
Numbers employed at 31 March 2019	<u>44</u>	<u>48</u>
	2019	2018
	Number	Number
The monthly average number of people employed by the Company during the year	<u>45</u>	<u>46</u>



# Slough Heat & Power Limited

## Notes on the financial statements *(continued)* for the year ended 31 March 2019

### 5 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £424k (2018: £381k). The above value is for 2 directors (2018: 3), 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 incentive schemes of the highest paid director was £290k (2018: £248k) including pension contributions of £48k (2018: £47k) on their behalf.

### 6 Interest receivable and interest payable

	2019 £000	2018 £000
<b>Interest receivable</b>		
Interest receivable from group companies	649	402
	<u>649</u>	<u>402</u>
<b>Interest payable</b>		
Unwinding of discount on decommissioning provision (see note 14)	(30)	(29)
	<u>(30)</u>	<u>(29)</u>

### 7 Taxation

	2019 £000	2018 £000
UK corporation tax-		
Current year tax movement	132	27
Prior year adjustment	(1)	(10)
	<u>131</u>	<u>17</u>
Deferred tax (see note 13):		
Origination and reversal of timing differences	13	32
Adjustment in respect of prior years	(55)	(13)
	<u>(42)</u>	<u>19</u>
<b>Total tax on profit on ordinary activities</b>	<u>89</u>	<u>36</u>

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

	2019 £000	2018 £000
Profit before taxation	516	97
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	99	17
Effects of:		
Expenses not deductible for tax purposes	(2)	42
Transfer pricing adjustments	48	-
Corporation tax adjustments in respect of previous periods	(1)	(10)
Deferred tax adjustments in respect of previous periods	(55)	(13)
<b>Total tax charge for year</b>	<u>89</u>	<u>36</u>

Legislation was enacted on 15 September 2016 to reduce the corporation tax rate to 17% from 1 April 2020. This will reduce the company's future tax charge accordingly.

# Slough Heat & Power Limited

## Notes on the financial statements *(continued)* for the year ended 31 March 2019

### 8 Tangible fixed assets

	Generation Assets £000	Assets under the course of construction (AUC) £000	Decommissioning Assets £000	Total £000
<b>Cost:</b>				
At 1 April 2018	4,332	882	652	5,866
Additions	-	19	-	19
Transferred to Slough MultiFuel Ltd	-	(190)	-	(190)
<b>At 31 March 2019</b>	<b>4,332</b>	<b>711</b>	<b>652</b>	<b>5,695</b>
<b>Accumulated depreciation:</b>				
At 1 April 2018	(4,001)	-	(93)	(4,094)
Charge for the year	(73)	-	(30)	(103)
<b>At 31 March 2019</b>	<b>(4,074)</b>	<b>-</b>	<b>(123)</b>	<b>(4,197)</b>
<b>Net book value:</b>				
At 31 March 2019	258	711	529	1,498
At 31 March 2018	331	882	559	1,772

### 9 Intangible assets

	Development assets £000	Total £000
<b>Cost:</b>		
At 1 April 2018	1,323	1,323
Additions	721	721
<b>At 31 March 2019</b>	<b>2,044</b>	<b>2,044</b>
<b>Transfer to SSE Slough Multifuel Ltd</b>		
At 1 April 2018	-	-
Transfer for the Year	(2,044)	(2,044)
<b>At 31 March 2019</b>	<b>(2,044)</b>	<b>(2,044)</b>
<b>Net Book Value:</b>		
At 31 March 2018	1,323	1,323
<b>At 31 March 2019</b>	<b>0.00</b>	<b>0.00</b>

Development costs related to the ongoing design and planning of the development of a new 50MW multifuel facility at the Slough site. During the year the full balance was transferred to a subsidiary of SSE Generation Ltd (a related party), which will undertake the project to build and operate the facility.

# Slough Heat & Power Limited

Notes on the financial statements *(continued)*  
for the year ended 31 March 2019

## 10 Fixed asset investments

	Investment in subsidiary undertakings £000	Total £000
<i>Cost</i>		
At 31 March 2018	416	416
At 31 March 2019	416	416
<i>Net book value</i>		
At 31 March 2019	416	416
At 31 March 2018	416	416

The Company has the following investments in subsidiaries at 31 March 2019 as follows:

Subsidiary undertakings	Country of incorporation	Holding	Prior year		Nature of Business
			Proportion Held	proportion held	
Slough Utility Services Ltd	UK	Ordinary Shares	100%	100%	Distribution of water and steam
Slough Electricity Contracts Ltd	UK	Ordinary Shares	100%	100%	Distribution of electricity
Slough Energy Supplies Ltd	UK	Ordinary Shares	100%	100%	Dormant
Power From Waste Ltd	UK	Ordinary Shares	100%	100%	Dormant
Slough Domestic Electricity Ltd	UK	Ordinary Shares	100%	100%	Dormant
Fibre Power (Slough) Ltd	UK	Ordinary Shares	100%	100%	Generation of electricity
Fibre Fuel Ltd	UK	Ordinary Shares	100%	100%	Dormant

All companies have accounting periods ending on 31 March, the registered office of the subsidiaries is the same as the Company.

## 11 Debtors

	2019 £000	2018 £000
<i>Amounts falling due within one year:</i>		
Other Debtors	519	140
Amounts owed by group undertakings	19,082	4,170
	19,601	4,310
<i>Amounts falling due after more than one year:</i>		
Amounts due from group undertakings	61,367	57,307
	61,367	57,307

# Slough Heat & Power Limited

## Notes on the financial statements (continued) for the year ended 31 March 2019

### 12 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	442	123
Amounts owed to group undertakings	52,437	37,966
Other creditors	9	-
Corporation tax payable	131	10
Accruals and deferred income	179	42
	<b>53,198</b>	<b>38,141</b>

The amounts due to Group undertakings are in respect of amounts owed by the Company to its subsidiaries in respect of trading.

### 13 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Tangible fixed assets	-	-	(63)	(100)	(63)	(100)
Provisions	228	223	-	-	228	223
<b>Net tax assets</b>	<b>228</b>	<b>223</b>	<b>(63)</b>	<b>(100)</b>	<b>165</b>	<b>123</b>

#### Movement in deferred tax during the year

	1 April 2018 £000	Recognised in income £000	31 March 2019 £000
Tangible fixed assets	(100)	37	(63)
Provisions	223	5	228
	<b>123</b>	<b>42</b>	<b>165</b>

#### Movement in deferred tax during prior year

	1 April 2017 £000	Recognised in income £000	Transfer £000	31 March 2018 £000
Tangible fixed assets	(18)	(23)	(59)	(100)
Provisions	114	5	104	223
	<b>96</b>	<b>(18)</b>	<b>45</b>	<b>123</b>

# Slough Heat & Power Limited

Notes on the financial statements *(continued)*  
for the year ended 31 March 2019

## 14 Provisions for liabilities and charges

	Decommissioning Costs	Total
	£000	£000
At 1 April 2018	1,311	1,311
Unwinding of discount	30	30
At 31 March 2019	<u>1,341</u>	<u>1,341</u>

## 15 Share capital

	2019	2018
	£000	£000
Equity:		
Allotted, called up and fully paid:		
90,507,200 ordinary shares of £1 each	(90,507)	(90,507)
7% non-cumulative preference shares of £1.00 each:	£	£
Allotted, called up and fully paid:		
107 non-cumulative preference shares of £1.00 each	<u>107</u>	<u>107</u>

All classes of shares have equal rights attached to them for voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

## 16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£000	£000
Less than one year	440	407
Between one and five years	1,600	1,600
More than five years	<u>11,200</u>	<u>11,600</u>
	<u>13,240</u>	<u>13,607</u>

The Company leases two buildings under operating leases.

During the year £440k was recognised as an expense in the profit and loss account in respect of operating leases (2018: £407k).

## 17 Ultimate parent company

The Company is a subsidiary of SSE Generation Ltd. The ultimate parent company is SSE plc 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, Inverlmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at [www.sse.com](http://www.sse.com).