

**REGISTERED NO.
02474514**

Slough Energy Supplies Limited

Financial Statements for the year period ended 31 March 2010

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Slough Energy Supplies Limited

Report of the Directors

The Directors present their report together with the audited Financial Statements for the year ended 31 March 2010. The prior year comparatives are for the 15 months ended 31 March 2009.

1. Principal Activities

Slough Energy Supplies Limited's principal activity was the purchase of electricity produced by the license-exempt generation plants which was then sold on to other Slough Heat & Power entities. The Company was also responsible for buying or selling the shortfall or excess of electricity produced by Slough Heat and Power (SHP) group plants and the net electricity requirement of the SHP group customers on the wholesale electricity market.

From 1 April 2009, the electricity wholesale trade balancing, and transactions between Slough generation and supply entities, were migrated to and conducted by SSE Energy Supply Limited, a fellow subsidiary of the SSE Group.

As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

The principal risks and uncertainties of the company remain consistent with the principal risks of the SHP group. The key business risks and uncertainties affecting the SHP group are considered to relate to fuel supply and potential shortages, plant availability and the resulting impact on ROC revenue, carbon trading, ROC prices and the market of electricity and fuel. The acquisition of the group by SSE has not changed these principal risks and uncertainties.

2. Business Review

Development and performance review of the business

The SHP group is part of the Scottish and Southern Energy Group ('SSE' or 'Group'). The power station owned by the SHP group is primarily a multifuelled combined heat and power plant, focusing on renewable fuels. The station has two primary generators, one 40Mwe unit fuelled wholly on Biomass (wood products), and a second 12Mwe unit fuelled by waste or waste wood. Much of the excess heat from the process is supplied to over 30 industrial users of process heat distributed across the Slough Estates Trading estate. SHP also supplies drinking quality water to over 700 domestic and industrial customers.

During the year the SHP Group has been supplying steam & water customers as usual, and supplying the Electricity into the Grid which is now traded by SSE Energy Supply Ltd. Other significant efforts include focussing on integrating its finance & procurement systems and safe systems of work. The plant has seen significant levels of investment which will yield a return in increased reliability of generation assets over the next few years.

Slough Energy Supplies Limited

Report of the Directors (continued)

2. Business Review (continued)

Development and performance review of the business (continued)

Priorities for 2010/11

The SHP group of companies' key objectives will be to ensure that its generation plant is available to generate electricity, with the maximum possible efficiency, in response to demand and market conditions, while complying fully with all safety standards and environmental regulations. The achievement of these objectives will be supported by the delivery of a programme which has been established to identify improvements in the management and operation of its plant. The continued provision of network services to the customers of the SHP group in an efficient and customer-focussed manner in compliance with applicable regulations is another key priority.

SHP will also be working to ensure that all generation plant is well-maintained and that the activities of the SHP group fully support the activities of its main internal customer, SSE Energy Supply Limited. All these priorities are relevant to the Company.

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 Committee. These include mechanical failure at the Company's power stations, 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.

3. Results and Dividends

The profit for the year amounted to £20,000 (2009 – loss of £3,186, 15 months). The directors do not recommend the payment of a dividend, (2009 - £nil).

4. Directors

The Directors who served during the year were as follows -

Gavin Brydon (resigned 2 March 2010)
Brandon Rennet (appointed 2 March 2010)
Paul Smith

Slough Energy Supplies Limited

Report of the Directors (continued)

5. Political and Charitable Donations

During the year no charitable or political donations were made (2009 - £nil)

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



Brandon Rennet
Director
21 December 2010

55 Vastern Road
Reading
Berkshire
RG1 8BU

Slough Energy Supplies 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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis

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

Report of the Independent Auditors', KPMG Audit plc, to the Members of Slough Energy Supplies Limited

We have audited the financial statements of Slough Energy Supplies Limited for the year ended 31 March 2010 as set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit 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/UKNP.

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 2010 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.

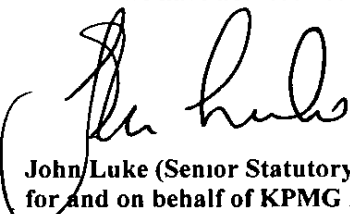
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 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

21 December 2010

Slough Energy Supplies Limited

Profit and Loss Account for the year ended 31 March 2010

	Note	Year ended 31 March 2010 £'000	15 months to 31 March 2009 £'000
Turnover		5,077	13,903
Cost of Sales		(5,084)	(15,142)
Gross loss		(7)	(1,239)
Administrative costs		-	(129)
Operating loss	2	(7)	(1,368)
Interest payable and similar charges	5	-	(1,818)
Loss on ordinary activities before taxation		(7)	(3,186)
Tax on loss on ordinary activities	6	27	-
Profit/(loss) for the financial period	12	20	(3,186)

The above results are derived wholly from discontinuing activities

Other than the retained profit for the financial year, there are no other recognised gains or losses

The accompanying notes form part of these Financial Statements

Slough Energy Supplies Limited

Balance Sheet as at 31 March 2010

	Note	31 March 2010 £'000	31 March 2009 £'000
Current assets			
Debtors	7	<u>9,107</u>	<u>4,320</u>
		9,107	4,320
Creditors:			
Amounts falling due within one year	8	<u>(22,235)</u>	<u>(17,468)</u>
Net current liabilities		<u>(13,128)</u>	<u>(13,148)</u>
Net liabilities		<u>(13,128)</u>	<u>(13,148)</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	<u>(13,228)</u>	<u>(13,248)</u>
Shareholders' deficit		<u>(13,128)</u>	<u>(13,148)</u>

The accompanying notes form part of these Financial Statements

These Financial Statements were approved by the Directors on 21 December 2010 and signed on their behalf by



Brandon Rennet, Director
Slough Energy Supplies Limited
Registered no 02474514

Slough Energy Supplies Limited

Reconciliation of Movements in Shareholders' Deficit

	31 March 2010	31 March 2009
	£'000	£'000
Profit/(loss) for the financial year	<u>20</u>	<u>(3,186)</u>
Net addition/(reduction) to shareholders' deficit	20	(3,186)
Opening shareholders' deficit	<u>(13,148)</u>	<u>(9,962)</u>
Closing shareholders' deficit	(13,128)	(13,148)

Slough Energy Supplies Limited

Notes on the Financial Statements for the year ended 31 March 2010

1. Principal accounting policies

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.

The Financial Statements are presented in thousands and in sterling since that is the currency in which the majority of the company's transactions are denominated. The Financial Statements have been prepared under the historical cost convention.

From 1 April 2009, the activities of the company which include electricity wholesale trade balancing, and transactions between Slough generation and supply entities, will be migrated to and conducted by SSE Energy Supply Limited, a fellow subsidiary of the SSE Group. As a consequence of this the results of the company have been presented as being derived from discontinuing operations.

In previous years, the financial statements have been prepared on a going concern basis. However during the year the directors took the decision to migrate the trade of the company to other group companies. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Under Financial Reporting Standard 1 (FRS 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated 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 FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group.

Slough Energy Supplies Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2010

1. Principal accounting policies (continued)

Turnover

Turnover did comprise the income from the generation of electricity, the supply of electricity and, separately, the distribution of heat and steam from private networks. Turnover is recognised as services are discharged and upon title passing.

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.

Trade and other creditors

Trade and other creditors are stated at cost. Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the profit and loss account over the period of the borrowings, using the effective interest method.

2. Operating profit

The operating profit is arrived at after charging / (crediting)

Year ended 31 March 2010 £'000	15 months to 31 March 2009 £'000
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Auditors' remuneration for audit services

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Audit fees for the Slough Heat and Power Group of £28,000 (2009 £28,000) are borne by the parent company Slough Heat and Power Limited. £2,038 (2009 £2,375) of this was in relation to the audit of Slough Energy Supplies Limited.

3. Staff costs and numbers

There are no employees directly employed by the Company (2009 nil).

4. Directors' remuneration

In the year to 31 March 2010, no director received remuneration in respect of their service to the Company. Both directors are employees of other Scottish and Southern Energy group companies.

Slough Energy Supplies Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2010

5. Net interest payable

	Year ended 31 March 2010 £'000	15 months to 31 March 2009 £'000
Interest payable to group undertakings	-	1,818
Net Interest Payable	-	1,818

6. Taxation

	Year ended 31 March 2010 £'000	15 months to 31 March 2009 £'000
Current tax		
UK corporation tax at 28% (2009- 28%) current year	(2)	-
Deferred tax		
Adjustment in respect of prior years	(25)	-
Total tax credit on loss on ordinary activities	(27)	-

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

	Year ended 31 March 2010 £'000	15 months to 31 March 2009 £'000
Loss on ordinary activities before tax	(7)	(3,186)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 - 28%)	(2)	(892)
Effects of		
Expenses not deductible for tax purposes	-	509
No deferred tax asset created on taxable losses for the period	-	383
Tax credit for year	(2)	-

Slough Energy Supplies Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2010

7. Debtors

	31 March 2010 £'000	31 March 2009 £'000
Trade debtors	112	-
Prepayments and accrued income	-	4,319
Amounts owed by group undertakings	8,967	-
Group relief receivable	2	-
Deferred tax (refer note 9)	26	1
	<u>9,107</u>	<u>4,320</u>

8. Creditors: amounts falling due within one year

	31 March 2010 £'000	31 March 2009 £'000
Amounts owed to group undertakings	<u>22,235</u>	<u>17,468</u>
	<u>22,235</u>	<u>17,468</u>

9. Deferred tax asset

	31 March 2010 £'000
Provision at start of year	1
Credited to profit and loss account	25
Provision at end of year	<u>26</u>

Deferred tax asset consists of other timing differences

10. Share capital

	Number	£
Ordinary shares of £1.00 each		
Authorised		
At 1 April 2009 and 31 March 2010	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
At 1 April 2009 and 31 March 2010	<u>100,000</u>	<u>100,000</u>

Slough Energy Supplies Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2010

11. Reserves

	Profit and loss account £'000
At 1 April 2009	(13,248)
Profit for the year	20
Balance at 31 March 2010	<u>(13,228)</u>

12 Ultimate holding company and parent support

The Company is a subsidiary of Slough Heat and Power Limited. Scottish and Southern Energy plc 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, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.