

**REGISTERED NO.**  
**2548042**

**Keadby Power Limited**

**Accounts for the year ended 31 March 2011**

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COMPANIES HOUSE

# **Keadby Power Limited**

## **Report of the Directors**

The Directors present their report together with the audited Accounts for the year ended 31 March 2011

### **1. Principal Activities**

The Company's principal activity during the year was the financing of its subsidiaries, Keadby Generation Limited and Keadby Construction Limited

### **2. Business Review**

The Company holds 100% of the issued shares in Keadby Construction Limited and Keadby Generation Limited

### **3. Results and Dividends**

The profit after tax for the financial year amounted to £45 0m (2010 - £80 0m) The Directors have declared, approved and paid a dividend of £44 0m (2010 - £80 0m)

### **4. Directors**

The Directors who served during the year were as follows

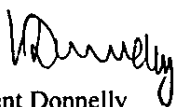
Paul Smith  
Brandon Rennet

### **5. 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



Vincent Donnelly  
Secretary  
16 September 2011

## **Keadby Power 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.

## **Keadby Power Limited**

### **Independent Auditor's Report to the Members of Keadby Power Limited**

We have audited the financial statements of Keadby Power Limited for the year ended 31 March 2011 as set out on pages 4 to 9. 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 2, 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](http://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 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.

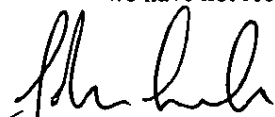
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

16 September 2011

## **Keadby Power Limited**

### **Profit and Loss Account for the year ended 31 March 2011**

	Note	2011 £m	2010 £m
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Operating profit</b>		-	-
Income from fixed asset investments		45.0	80 0
<b>Profit on ordinary activities before taxation</b>		45.0	80 0
Taxation	3	-	-
<b>Profit for the financial year</b>	9	45.0	80 0

The above results are derived from continuing activities

There were no other recognised gains and losses in year, other than the profit for the financial year

The accompanying notes are an integral part of these Accounts

## Keadby Power Limited

### Balance Sheet as at 31 March 2011

	Note	2011 £m	2010 £m
<b>Fixed asset investments</b>	5	<u>10.0</u>	10.0
<b>Current assets</b>			
Debtors	6	40.2	71.0
<b>Creditors: amounts falling due within one year</b>	7	(29.6)	(61.4)
<b>Net current assets</b>		<u>10.6</u>	9.6
<b>Net assets</b>		<u>20.6</u>	19.6
<b>Capital and reserves</b>			
Called up share capital	8	0.2	0.2
Share premium account	9	19.4	19.4
Profit and loss account	9	1.0	-
<b>Shareholders' funds</b>		<u>20.6</u>	19.6

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



Brandon Rennet, Director

Company Registered No 2548042

## **Keadby Power Limited**

### **Reconciliation of Movements in Shareholders' Funds as at 31 March 2011**

	<b>2011 £m</b>	<b>2010 £m</b>
Profit for the financial year	<b>45.0</b>	80.0
Dividends	<b>(44.0)</b>	(80.0)
<b>Net movement in shareholders' funds</b>	<b>1.0</b>	-
Opening shareholders' funds	<b>19.6</b>	19.6
<b>Closing shareholders' funds</b>	<b>20.6</b>	19.6

# **Keadby Power Limited**

## **Notes on the Accounts for the year ended 31 March 2011**

### **1. Significant accounting policies**

#### **Basis of preparation**

The Accounts have been prepared in accordance with all applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Keadby Power Limited is a wholly owned subsidiary of Scottish and Southern Energy Plc, and therefore relies upon group facilities to support its activities 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 Keadby Power Limited.

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 Accounts.

As the Company is a wholly owned subsidiary of Scottish and Southern Energy plc (SSE 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 (the Group).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **Interest**

Interest incurred on funds borrowed to finance loans to subsidiaries is charged to the profit and loss account in the period in which it accrues.

#### **Taxation**

The charge 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 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.

#### **Fixed asset investments**

Investments are stated at cost less any provision for permanent diminution in value.

#### **Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to these accounts.

### **2. Directors', staff and auditors' remuneration**

No Director received remuneration in respect of their service to the Company (2010 - £nil). There were no staff employed during the year (2010 - nil). The audit fee for these Accounts was borne by the ultimate parent company (2010 - £nil), £5,891 of this was in relation to the audit of Keadby Power (2010 - £9,561).



## Keadby Power Limited

### Notes on the Accounts for the year ended 31 March 2011

#### 3. Taxation

	2011 £m	2010 £m
Current tax		
UK corporation tax	-	-
Deferred tax	-	-
Total tax on profit on ordinary activities	-	-

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

	2011 £m	2010 £m
Profit before taxation	45.0	80.0
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2010 – 28%)	12.6	22.4
Effects of		
Non-taxable income	(12.6)	(22.4)
Current tax charge for year	-	-

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first change from 28% to 27% was substantially enacted in July 2010 and applies from 1 April 2011. The March 2011 Budget accelerated reduced the tax rate from 1 April 2011 further to 26%. This was substantively enacted on 29 March 2011. These changes will reduce the Company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction (the rate now being reduced to 23% over the next three years) due to legislation not being enacted, although this will further reduce the Company's future current tax charge.

#### 4. Dividends

	2011 £m	2010 £m
Amounts recognised as distributions from equity:		
Dividend for the current year of £220 (2010 - £400) per share	44.0	80.0

#### 5. Fixed asset investments

	2011 £m	2010 £m
At 1 April 2010 and 31 March 2011	10.0	10.0

The Company holds 100 % of the issued share capital of the following companies

Name of Company	Holding	Nature of Business
Keadby Generation Limited	Ordinary	Electricity generation and sale Provision of engineering, technical, managerial and administrative services
Keadby Construction Limited	Ordinary	Power station construction

## Keadby Power Limited

### Notes on the Accounts for the year ended 31 March 2011

#### 6. Debtors

	2011 £m	2010 £m
Loans due from group undertakings	8.9	8.9
Amounts due from group undertakings	31.3	62.1
	<u>40.2</u>	<u>71.0</u>

#### 7. Creditors: amounts falling due within one year

	2011 £m	2010 £m
Amounts owed to parent undertaking	<u>29.6</u>	<u>61.4</u>

#### 8. Share capital

	2011 £	2010 £
Authorised, allotted, called up and fully paid		
100,000 A shares of £1 each	100,000	100,000
100,000 B shares of £1 each	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

The A and B shares rank pari passu in all respects

#### 9. Reserves

	Share premium account £m	Profit and loss account £m	Total £m
At 31 March 2010	19.4	-	19.4
Profit for the financial year	-	45.0	45.0
Dividends to shareholders	-	(44.0)	(44.0)
At 31 March 2011	<u>19.4</u>	<u>1.0</u>	<u>20.4</u>

#### 10. 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 accounts of the group (which include those of the Company) are available from Corporate Communications, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.