

REGISTERED NO.
2548042

Keadby Power Limited

Accounts for the year ended 31 March 2010

CONTENTS	Page No.
Report of the Directors	1
Statement of directors' responsibilities in respect of the Directors' Report and the Accounts	2
Independent Auditors' Report to the Members	3
Profit and Loss Account	4
Balance Sheet	5
Reconciliation of Movements in Shareholders' Funds	6
Notes on the Accounts	7 - 9



Keadby Power Limited

Report of the Directors

The Directors present their report together with the audited Accounts for the year ended 31 March 2010

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 £80 0m (2009 - £50 0m) The Directors have declared, approved and paid a dividend of £80 0m (2009 - £50 0m)

4. Directors

The Directors who served during the year were as follows -

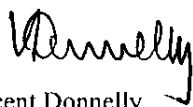
Gavin Brydon (resigned 2 March 2010)
Paul Smith
Brandon Rennet (appointed 2 March 2010)

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
31 August 2010

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 Auditors' Report to the Members of Keadby Power Limited

We have audited the financial statements of Keadby Power Limited for the year ended 31 March 2010 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 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 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 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.

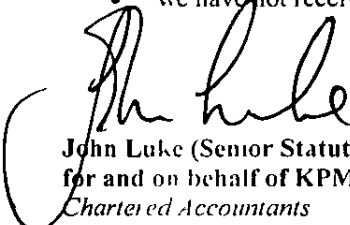
Opinion on other matter prescribed by the Companies Act 2006

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

31 August 2010

Keadby Power Limited

Profit and Loss Account for the year ended 31 March 2010

	Note	2010 £m	2009 £m
Turnover		-	-
Cost of sales		-	-
Operating profit		-	-
Income from fixed asset investments		80.0	50.0
Profit on ordinary activities before taxation		80.0	50.0
Taxation	3	-	-
Profit for the financial year	9	80.0	50.0

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 2010

	Note	2010 £m	2009 £m
Fixed asset investments	5	<u>10.0</u>	10.0
Current assets			
Debtors	6	71.0	71.0
Creditors, amounts falling due within one year	7	<u>(61.4)</u>	(61.4)
Net current assets		<u>9.6</u>	9.6
Net assets		<u>19.6</u>	19.6
Capital and reserves			
Called up share capital	8	0.2	0.2
Share premium account	9	19.4	19.4
Profit and loss account	9	-	-
Shareholders' funds		<u>19.6</u>	19.6

These Accounts were approved by the Directors on 31 August 2010 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 2010

	2010	2009
	£m	£m
Profit for the financial year	80.0	50.0
Dividends	(80.0)	(50.0)
Net movement in shareholders' funds	-	-
Opening shareholders' funds	19.6	19.6
Closing shareholders' funds	19.6	19.6

Keadby Power Limited

Notes on the Accounts for the year ended 31 March 2010

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 (2009 - £nil). There were no staff employed during the year (2009 - nil). The audit fee for these Accounts was borne by the ultimate parent company (2009 - £nil).

Keadby Power Limited

Notes on the Accounts for the year ended 31 March 2010

3. Taxation

	2010 £m	2009 £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

	2010 £m	2009 £m
Profit before taxation	80.0	50.0
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 – 28%)	22.4	14.0
Effects of		
Non-taxable income	(22.4)	(14.0)
Current tax charge for year	-	-

4. Dividends

	2010 £m	2009 £m
Amounts recognised as distributions from equity		
Dividend for the current year of £400 (2009 - £250) per share	80.0	50.0

5. Fixed asset investments

	2010 £m	2009 £m
At 1 April 2009 and 31 March 2010	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
Keadby Construction Limited	Ordinary	Provision of engineering, technical, managerial and administrative services
		Power station construction

6. Debtors

	2010 £m	2009 £m
Loans due from group undertakings	8.9	8.9
Amounts due from group undertakings	62.1	62.1
	71.0	71.0

Keadby Power Limited

Notes on the Accounts for the year ended 31 March 2010

7. Creditors' amounts falling due within one year

	2010 £m	2009 £m
Amounts owed to parent undertaking	61.4	61.4

8. Share capital

	2010 £	2009 £
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 2009	19.4	-	19.4
Profit for the financial year	-	80.0	80.0
Dividends to shareholders	-	(80.0)	(80.0)
At 31 March 2010	<u>19.4</u>	<u>-</u>	<u>19.4</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.