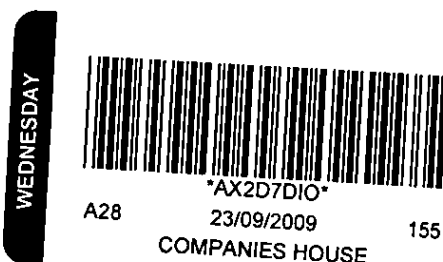


**REGISTERED NO.**  
**2764438**

**SSEPG (Operations) Limited**

**Accounts for the year ended 31 March 2009**

<b>CONTENTS</b>	<b>Page No.</b>
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
Statement of Total Recognised Gains and Losses and Reconciliation of Movements in Shareholders' Funds	6
Notes on the Accounts	7 - 14



## **SSEPG (Operations) Limited**

### **Report of the Directors**

The Directors present their report together with the audited Accounts for the year ended 31 March 2009.

#### **1. Principal Activities**

The Company's principal activity is the development, construction and operation of smallscale power plants.

#### **2. Business Review**

The Directors do not anticipate any change in the activities of the Company in the forthcoming period.

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

The loss for the financial year amounted to £1.7m (2008 - £0.4m loss). The Directors do not recommend the payment of a dividend (2008 - £nil).

#### **4. Directors**

The Directors who served during the year were as follows:-

Paul Smith  
Brian Smith

#### **5. Political and Charitable Donations**

During the year, no charitable or political donations were made.

#### **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.

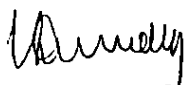
It is Company policy, where possible, to provide employment opportunities for disabled people. Staff who become disabled are supported in continuing employment through identification of suitable jobs and the provision of necessary retraining.

#### **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



Vincent Donnelly  
Secretary  
25 August 2009

## **SSEPG (Operations) Limited**

### **Statement of directors' responsibilities in respect of the Directors' Report and the Accounts**

The directors are responsible for preparing the Directors' Report and the Accounts in accordance with applicable law and regulations.

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

The Accounts are required by law to 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 Accounts, 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 Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its Accounts comply with the Companies Act 1985. 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.

## **SSEPG (Operations) Limited**

### **Independent Auditors' Report to the Members of SSEPG (Operations) Limited**

We have audited the Accounts of SSEPG (Operations) Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These Accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors' responsibilities for preparing the Accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Accounts.

#### **Opinion**

In our opinion:

- the Accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Accounts.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh  
25 August 2009

## **SSEPG (Operations) Limited**

### **Profit and Loss Account for the year ended 31 March 2009**

	<b>Note</b>	<b>2009 £m</b>	<b>2008 £m</b>
<b>Turnover</b>		<b>50.1</b>	<b>26.5</b>
<b>Cost of sales</b>		<b>(52.1)</b>	<b>(25.5)</b>
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(2.0)</b>	<b>1.0</b>
<b>Interest payable</b>	<b>5</b>	<b>(0.2)</b>	<b>(2.1)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(2.2)</b>	<b>(1.1)</b>
<b>Taxation on loss on ordinary activities</b>	<b>6</b>	<b>0.5</b>	<b>0.7</b>
<b>Loss for the financial year</b>	<b>14</b>	<b>(1.7)</b>	<b>(0.4)</b>

The above results are derived from continuing activities.

The accompanying notes form part of these Accounts.

# SSEPG (Operations) Limited

## Balance Sheet as at 31 March 2009

	Note	2009 £m	2008 £m
<b>Tangible fixed assets</b>	7	30.2	27.7
<b>Current assets</b>			
Stocks	8	0.4	0.4
Debtors: amounts falling due within one year	9	1.8	8.0
amounts falling due after more than one year	9	5.2	5.2
Total debtors		7.0	13.2
		7.4	13.6
<b>Creditors: amounts falling due within one year</b>	10	(40.5)	(42.4)
<b>Net current liabilities</b>		(33.1)	(28.8)
<b>Total assets less current liabilities</b>		(2.9)	(1.1)
<b>Creditors: amounts falling due after more than one year</b>	11	(6.4)	(6.4)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	12	(5.4)	(5.5)
<b>Net liabilities</b>		(14.7)	(13.0)
<b>Capital and reserves</b>			
Called up share capital	13	1.2	1.2
Profit and loss account	14	(15.9)	(14.2)
<b>Deficit in shareholders' funds</b>		(14.7)	(13.0)

These Accounts were approved by the Directors on 25 August 2009 and signed by

*Paul R. Smith*

Paul Smith, Director

## **SSEPG (Operations) Limited**

### **Statement of Total Recognised Gains and Losses for the year ended 31 March 2009**

	<b>2009 £m</b>	<b>2008 £m</b>
Loss for the financial year	<u>(1.7)</u>	<u>(0.4)</u>
<b>Total recognised gains and losses relating to the financial year</b>	<b><u>(1.7)</u></b>	<b><u>(0.4)</u></b>

### **Reconciliation of Movements in Shareholders' Funds as at 31 March 2009**

	<b>2009 £m</b>	<b>2008 £m</b>
Loss for the financial year	<u>(1.7)</u>	<u>(0.4)</u>
<b>Net reduction in to shareholders' funds</b>	<b><u>(1.7)</u></b>	<b><u>(0.4)</u></b>
Opening deficit in shareholders' funds	<u>(13.0)</u>	<u>(12.6)</u>
<b>Closing deficit in shareholders' funds</b>	<b><u>(14.7)</u></b>	<b><u>(13.0)</u></b>

## **SSEPG (Operations) Limited**

### **Notes on the Accounts for the year ended 31 March 2009**

#### **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.

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).

##### **Turnover**

Turnover, stated net of value added tax, represents the amounts derived from the generation and sale of electricity, together with the provision of other goods and services in the UK.

##### **Taxation**

The charge for taxation is based on the profit or loss 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.

##### **Tangible Fixed Assets**

###### **(i) Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	15 years
---------------------	----------

###### **(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.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value.



## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2009

#### 1. Principal accounting policies (continued)

##### 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.

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

Scottish and Southern Energy 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.

Applying the transitional provisions of FRS 20, its requirements have been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

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 accounts.

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.

#### 2. Operating (loss)/profit

The operating (loss)/profit is arrived at after charging:

	2009 £m	2008 £m
Depreciation of tangible fixed assets	3.3	3.0
Net management fee in respect of services provided by group companies	0.5	0.8

#### 3. Directors' and auditors remuneration

The Directors received no remuneration in respect of their services to the Company (2008 - £nil). The audit fee for both financial years was borne by another Group company.

#### 4. Staff costs and numbers

	2009 £m	2008 £m
Staff costs:		
Wages and salaries	1.0	0.8
Social security costs	0.1	0.1
Pension costs	0.1	-
	1.2	0.9

Included within the above costs is a charge recognised under FRS 20 of £1,627 (2008 - £8,888).

## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2009

#### 4. Staff costs and numbers (continued)

	2009 Number	2008 Number
The number of people employed at 31 March - Operational	26	27
	2009 Number	2008 Number
The monthly average number of people employed by the Company during the year	27	25

#### 5. Interest payable

	2009 £m	2008 £m
To group companies	(0.2)	(2.1)

#### 6. Taxation

	2009 £m	2008 £m
Current tax:		
United Kingdom corporation tax	(0.4)	(0.1)
Deferred tax:		
Origination and reversal of timing differences	(0.2)	(0.2)
Effect of change in UK corporation tax rate	0.1	(0.4)
Total Deferred Tax	(0.1)	(0.6)
Total tax credit on loss on ordinary activities	(0.5)	(0.7)

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

	2009 £m	2008 £m
Loss on ordinary activities before taxation	(2.2)	(1.1)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2008 - 30%)	(0.6)	(0.3)
Effects of:		
Capital allowances in excess of depreciation	0.2	0.2
Current tax credit for year	(0.4)	(0.1)

# **SSEPG (Operations) Limited**

## **Notes on the Accounts for the year ended 31 March 2009**

### **7. Tangible fixed assets**

	<b>Plant and Machinery £m</b>
<b>Cost:</b>	
At 31 March 2008	49.2
Additions	5.8
<b>At 31 March 2009</b>	<b>55.0</b>
<b>Depreciation:</b>	
At 31 March 2008	21.5
Charge for the year	3.3
<b>At 31 March 2009</b>	<b>24.8</b>
<b>Net Book Value:</b>	
At 31 March 2009	30.2
At 31 March 2008	27.7

### **8. Stocks**

	<b>2009 £m</b>	<b>2008 £m</b>
Raw materials	0.4	0.4

### **9. Debtors**

	<b>2009 £m</b>	<b>2008 £m</b>
Amounts falling due within one year:		
Amounts owed by group undertakings	1.6	1.6
Group relief receivable	-	6.3
Other debtors	0.2	0.1
	1.8	8.0
Amounts falling due after more than one year:		
Amounts owed by group undertakings	5.2	5.2
	7.0	13.2

### **10. Creditors: amounts falling due within one year**

	<b>2009 £m</b>	<b>2008 £m</b>
Amounts owed to group undertakings	39.2	41.6
Accruals and deferred income	0.6	0.8
Corporation tax	0.7	-
	40.5	42.4

### **11. Creditors: amounts falling due after more than one year**

	<b>2009 £m</b>	<b>2008 £m</b>
Amounts owed to group undertakings	6.4	6.4

## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2009

#### 12. Deferred taxation

Deferred taxation is provided as follows:

	2009 £m	2008 £m
Accelerated capital allowances	5.4	5.5
		31 March 2009 £m
Provision at 31 March 2008		5.5
Credited to profit and loss account		(0.1)
Provision at 31 March 2009		5.4

#### 13. Share capital

	2009 £m	2008 £m
Authorised:		
2,500,000 ordinary shares of £1 each	2.5	2.5
40,000,000 preference shares of £1 each	40.0	40.0
	42.5	42.5
Allotted, called up, and fully paid:		
1,200,002 ordinary shares of £1 each	1.2	1.2

#### 14. Reserves

	Profit and loss account £m
Balance at 31 March 2008	(14.2)
Retained loss for the financial year	(1.7)
Balance at 31 March 2009	(15.9)

#### 15. Pensions

The majority of the Company's employees are members of the Electricity Supply Pension Scheme or the Scottish Hydro-Electric Pension Scheme which provide defined benefits based on final pensionable pay. The Company's contributions to these schemes are set in relation to the current service period only (i.e. these are not affected by any surplus or deficit in the scheme relating to past service of its own employees and any other members of the scheme) and as such are treated as contributions to a defined contribution scheme. Employees can opt to join a personal pension scheme which is a money purchase scheme with the Company matching the members' contributions up to a maximum of 6% of salary. That scheme is managed by Friends Provident.

The Company's share of the total contribution payable to the pension schemes during the year was £58,000 (2008 - £36,000).

## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2009

#### 16. Employee share-based payments

The majority of the Company's employees are participants in the following Group share schemes:

##### (i) Savings-related share option schemes ("Sharesave")

This scheme gives employees the option to purchase shares in the parent Company at a discounted market price, subject to them remaining in employment with the Group for the term of the agreement. Employees may opt to save between £5 and £250 per month for a period of 3 or 5 years and at the end of this period, employees have six months to exercise their options by using the cash saved (including a bonus equivalent to interest). If the option is not exercised, the funds may be withdrawn by the employee and the option expires.

##### (ii) Share Incentive Plan (SIP)

This scheme allows employees the opportunity to purchase shares in the Company on a monthly basis. Employees may nominate an amount between £10 and £125 to be deducted from their gross salary. This is then used to purchase shares ('Partnership' shares) in the market on the final business day of each month. These shares are then held in trust for a period of 5 years, at which point they are transferred at no further cost to the employee. These shares may be withdrawn at any point during the 5 years, but tax and national insurance would then be payable on any amounts withdrawn.

In addition to the shares purchased on behalf of the employee, the Company will also match the purchase up to a maximum of 6 (previously 5) shares ('Matching' shares) per month. Again these shares are held in trust for the five years until they are transferred to the employee. If an employee leaves during the first three years, or removes his/her 'partnership' shares, these 'matching' shares are forfeited.

In addition to the above, the following special awards of free shares have been made:

Award made	31 March 2005	31 March 2007	31 March 2008
Free shares per employee	50	20	10
Date at which employee must still be employed to receive award (in addition to 31 March)	20 August 2005	30 May 2007	1 August 2008

These awards were made to all employees in recognition of their contribution to the success of the company. Under the arrangements for the awards, the shares will be held in trust for five years, at which point they will be transferred to the employees at no cost to the employee. These shares may be withdrawn at any point during years four and five, but income tax and national insurance would then be payable on any amounts withdrawn.

As allowed by FRS 20, only options granted since 7 November 2002, which were unvested at 1 January 2005, have been included.

Details used in the calculation of these costs are as follows:

##### (i) Savings-related share option scheme

As at 31 March 2009

Award Date	Option Price (pence)	Outstanding at start of year	Granted	Outstanding at end of year	Date from which exercisable	Expiry date
16 July 2004	622	1,050	-	1,050	1/10/2009	31/3/2010
14 July 2005	886	596	-	596	1/10/2008	31/3/2009
11 July 2006	999	644	-	644	1/10/2009	31/3/2010
10 July 2007	1,306	288	-	288	1/10/2010	31/3/2011
10 July 2007	1,306	150	-	150	1/10/2012	31/3/2013
17 July 2008	1,274	-	677	677	1/10/2011	31/3/2012
17 July 2008	1,274	-	1,352	1,352	1/10/2013	31/3/2014
		<b>2,728</b>	<b>2,029</b>	<b>4,757</b>		

## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2008

#### 16. Employee share-based payments (continued)

##### (i) Savings-related share option scheme (continued)

As at 31 March 2008

Award Date	Option Price (pence)	Outstanding at start of year	Granted	Exercised	Forfeited	Outstanding at end of year	Date from which exercisable	Expiry date
16 July 2004	622	1,878	-	(456)	(372)	1,050	1/10/2009	31/3/2010
14 July 2005	886	724	-	(23)	(105)	596	1/10/2008	31/3/2009
11 July 2006	999	644	-	-	-	644	1/10/2009	31/3/2010
10 July 2007	1,306	-	288	-	-	288	1/10/2010	31/3/2011
10 July 2007	1,306	-	150	-	-	150	1/10/2010	31/3/2013
		<b>3,246</b>	<b>438</b>	<b>(479)</b>	<b>(477)</b>	<b>2,728</b>		

The fair value of these shares at vesting, calculated using the Black-Scholes model, and the assumptions made in that model are as follows:

	July 2003		July 2004		July 2005		July 2006		July 2007		July 2008	
	3 Year	5 Year	3 Year	5 Year	3 Year	5 Year	3 Year	5 Year	3 Year	5 Year	3 Year	5 Year
Fair value	97p	105p	108p	117p	126p	137p	217p	227p	287p	313p	304p	339p
Expected volatility	17%	17%	17%	17%	15%	15%	19%	19%	25%	25%	28%	28%
Risk free rate	4.7%	4.8%	4.7%	4.8%	4.1%	4.2%	4.7%	4.7%	5.8%	5.7%	4.9%	5.0%
Expected dividends	4.6%	4.6%	4.6%	4.6%	4.2%	4.2%	4.8%	4.8%	5.3%	5.2%	4.1%	4.2%
Term of the option	3 yrs	5 yrs	3 yrs	5 yrs	3 yrs	5 yrs	3 yrs	5 yrs	3 yrs	5 yrs	3 yrs	5 yrs
Underlying price at grant date	630p	630p	699p	699p	967p	967p	1,180p	1,180p	1,460p	1,460p	1,397p	1,397p
Strike price	562p	562p	622p	622p	886p	886p	999p	999p	1,306p	1,306p	1,274p	1,274p

Expected price volatility was obtained by calculating the historical volatility of the Group's share price over the previous 12 months.

##### (ii) Share Incentive Plan

###### Matching shares

	2009		2008	
	Shares	Weighted average price (pence)	Shares	Weighted average price (pence)
Outstanding at start of year	1,359	1,267	789	1,094
Granted	1,052	1,260	570	1,506
Forfeited	(50)	1,127	-	-
Exercised	(55)	1,290	-	-
Outstanding at end of year	<b>2,306</b>	<b>1,266</b>	<b>1,359</b>	<b>1,267</b>
Exercisable at end of year	<b>374</b>	<b>1,009</b>	<b>60</b>	<b>869</b>

As shares are exercised continuously throughout the year, the weighted average share price during the period of 1,290p is considered representative of the weighted average share price at the date of exercise.

The fair value of these shares is not subject to valuation using the Black-Scholes model. However, the fair value of shares granted in the year is equal to the weighted average price paid for the shares at the grant date as shares are acquired out of the market as at that date to satisfy awards made under the scheme.

Shares purchased under this scheme prior to 7 November 2002 have not been included as permitted by the transitional rules under FRS 20.

## SSEPG (Operations) Limited

### Notes on the Accounts for the year ended 31 March 2009

#### 16. Employee share-based payments (continued)

##### (ii) Share Incentive Plan (continued)

##### Free shares

	2009		2008	
	Shares	Weighted average price (pence)	Shares	Weighted average price (pence)
Outstanding at start of year	860	1,182	500	965
Granted	250	1,417	360	1,484
Forfeited	(30)	1,182	-	-
Exercised	(50)	1,290	-	-
Outstanding at end of year	1,030	1,234	860	1,182
Exercisable at end of year	450	965	-	-

As shares are exercised continuously throughout the year, the weighted average share price during the period of 1,290p is considered representative of the weighted average share price at the date of exercise.

The fair value of these shares is not subject to valuation using the Black-Scholes model. However, the fair value of shares granted in the year is equal to the weighted average price paid for the shares at the grant date as shares are acquired out of the market as at that date to satisfy awards made under the scheme.

#### 17. Capital commitments

##### Capital expenditure

	2009 £m	2008 £m
Contracted for but not provided	0.1	0.5

#### 18. 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.

#### 19. Going concern

The Company's balance sheet at 31 March 2009 shows a net liability position of £14.7m (2008 - £13.0m). Scottish and Southern Energy plc has confirmed that it will continue to provide financial support to the Company. On this basis, the directors believe that the Company will be in a position to meet its liabilities as they fall due and that the accounts are appropriately prepared on a going concern basis.