

REGISTERED NO.
2764438

SSEPG (Operations) Limited

Financial statements for the year ended 31 March 2013

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SSEPG (Operations) Limited

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2013

1. Principal Activities

The Company's principal activity is the development, construction and operation of small-scale power plants

2. Business Review

In July 2010, the European Parliament passed the Industrial Emissions Directive (IED) The IED will place additional restrictions on the emissions from gas fired power stations from January 2016

The company has made a decision not to invest in the new technology, which would enable it to comply with the IED at the current level of output As a result the plant will be running at a reduced level, under IED from 2016 onwards, which will affect the expected cash flows from the operational plant

3. Results and Dividends

The loss for the financial year amounted to £3.2m (2012 - £3.9m) The Directors do not recommend the payment of a dividend (2012 - £nil)

4. Directors

The Directors who served during the year were as follows

Brandon Rennet	(resigned 13 March 2013)
Paul Smith	
Mark Hayward	(appointed 29 March 2013)
Rhys Stanwix	(appointed 29 March 2013)

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

SSEPG (Operations) Limited

Report of the Directors (continued)

7. 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 auditor is 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 auditor is aware of that information

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

ON BEHALF OF THE BOARD



Paul Smith
Director
3 October 2013

Registered Address

55 Vastern Road
Reading
Berkshire
RG1 8BU
United Kingdom

SSEPG (Operations) 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.

Independent Auditor's Report to the Members of SSEPG (Operations) Limited

We have audited the financial statements of SSEPG (Operations) Limited for the year ended 31 March 2013 as set out on pages 5 to 15. 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 3, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of its loss 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.

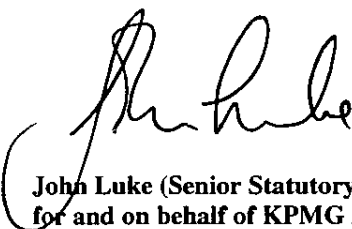
Opinion on other matter prescribed by the Companies Act 2006

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

3 October 2013

SSEPG (Operations) Limited

Profit and Loss Account for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Turnover		4.9	7.3
Cost of sales		(6.3)	(10.2)
Operating loss	2	(1.4)	(2.9)
Interest payable	5	(2.0)	(2.3)
Loss on ordinary activities before taxation		(3.4)	(5.2)
Taxation on loss on ordinary activities	6	0.2	1.3
Loss for the financial year	14	(3.2)	(3.9)

The above results are derived from continuing activities

The accompanying notes form part of these financial statements

There were no other gains or losses recognised in relation to either financial year

SSEPG (Operations) Limited

Balance Sheet as at 31 March 2013

	Note	2013 £m	2012 £m
Tangible fixed assets	7	<u>3.6</u>	<u>7.7</u>
Current assets			
Stocks	8	0.2	0.2
Debtors amounts falling due within one year	9	3.7	2.6
amounts falling due after more than one year	9	-	0.4
Total current assets		<u>3.9</u>	<u>3.2</u>
Creditors: amounts falling due within one year	10	(1.9)	(39.9)
Net current assets / liabilities		<u>2.0</u>	<u>(36.7)</u>
Total assets less current liabilities		<u>5.6</u>	<u>(29.0)</u>
Creditors: amounts falling due after more than one year	11	(37.8)	-
Net liabilities		<u>(32.2)</u>	<u>(29.0)</u>
Capital and reserves			
Called up share capital	13	1.2	1.2
Profit and loss account	14	(33.4)	(30.2)
Deficit in shareholders' funds		<u>(32.2)</u>	<u>(29.0)</u>

Notes on page 8 to 15 form an integral part of these financial statements

These financial statements were approved by the Directors on 3 October 2013 and signed by



Paul Smith,
Director

Company Registered No 2764438

SSEPG (Operations) Limited

Reconciliation of Movements in Shareholders' Deficit as at 31 March 2013

	2013	2012
	£m	£m
Loss for the financial year	<u>(3.2)</u>	<u>(3.9)</u>
Net decrease to shareholders' deficit	(3.2)	(3.9)
Opening shareholders' deficit	<u>(29.0)</u>	<u>(25.1)</u>
Closing shareholders' deficit	<u>(32.2)</u>	<u>(29.0)</u>

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

1. Significant 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 have been prepared on the going concern basis, notwithstanding the loss for the year of £3.2m (2012: loss of £3.9m) and net liabilities of £32.2m (2012: £29.0m), which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by SSE plc, the company's ultimate parent company. SSE plc has indicated that for at least 12 months, and for the foreseeable future, from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

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 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 SSE 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 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
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SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

1. Principal accounting policies (continued)

Tangible Fixed Assets (continued)

(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.

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

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 financial statements.

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

The operating loss is arrived at after charging

	2013 £m	2012 £m
Depreciation of tangible fixed assets (note 7)	3.2	3.1
Net management fee in respect of services provided by group companies	0.3	0.5

3. Directors' and auditor's remuneration

The Directors received no remuneration in respect of their services to the Company (2012 - £nil). The audit fee of £4,500 (2012 - £4,500) for both financial years was borne by another Group company.

4. Staff costs and numbers

	2013 £m	2012 £m
Staff costs		
Wages and salaries	0.2	0.2
Social security costs	-	-
Pension costs	-	-
	0.2	0.2

Included within the above costs is a charge recognised under FRS 20 of £12,000 (2012 - £15,335).

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

4. Staff costs and numbers (continued)

	2013 Number	2012 Number
The number of people employed at 31 March - Operational	5	6
The monthly average number of people employed by the Company during the year	4	6

5. Net interest payable

	2013 £m	2012 £m
Interest payable To group companies	2.0	2.3
Net interest payable	2.0	2.3

6. Taxation

	2013 £m	2012 £m
Current tax United Kingdom corporation tax	0.3	(1.0)
Deferred tax Origination and reversal of timing differences	(0.5)	(0.3)
Total Deferred Tax	(0.5)	(0.3)
Total tax credit on loss on ordinary activities	(0.2)	(1.3)

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

	2013 £m	2012 £m
Loss on ordinary activities before taxation	(3.4)	(5.2)
Tax on loss on ordinary activities at standard UK corporation tax rate of 24% (2012 - 26%)	(0.8)	(1.4)
Effects of		
IBA permanent difference	-	0.1
Capital allowances in excess of depreciation	0.5	0.3
Adjustments in respect of prior years	0.6	-
Current tax charge/(credit) for year	0.3	(1.0)

The March 2013 Budget announced a 1% reduction in the tax rate from 1 April 2013, to 23%. This was substantively enacted before March 2013. This change will reduce the Company's future current tax charge accordingly. As this rate change has been substantively enacted it has the effect of reducing the Company's net deferred tax liabilities recognised at 31 March 2013 by £9k. 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 20% over the next two years) due to legislation not being enacted, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities accordingly.

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

7. Tangible fixed assets

	Plant and Machinery £m
Cost:	
At 1 April 2012	59.1
Intergroup transfer	(2.2)
At 31 March 2013	56.9
Depreciation:	
At 1 April 2012	51.4
Intergroup transfer	(1.3)
Charge for the year	3.2
At 31 March 2013	53.3
Net Book Value:	
At 31 March 2013	3.6
At 1 April 2012	7.7

There are no capital commitments at year end

8. Stocks

	2013 £m	2012 £m
Raw materials	0.2	0.2

9. Debtors

	2013 £m	2012 £m
Amounts falling due within one year		
Amounts owed by group undertakings	2.8	1.5
Group relief receivable	0.3	1.0
Deferred tax (note 11)	0.5	-
Other debtors	0.1	0.1
	3.7	2.6
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	0.4
	3.7	3.0

10. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Trade creditors	0.1	0.1
Accruals and deferred income	0.3	0.7
Other creditor	-	0.2
Amounts owed to group undertakings	1.5	38.9
	1.9	39.9

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

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

	2013 £m	2012 £m
Amounts owed to group undertakings	<u>37.8</u>	<u>-</u>

12. Deferred taxation

Deferred taxation is provided as follows

	2013 £m	2012 £m
Accelerated capital allowances	<u>0.5</u>	<u>-</u>
		£m
At 1 April 2012		-
Credited to profit and loss account		<u>0.5</u>
Asset at 31 March 2013		<u>0.5</u>

13. Share capital

	2013 £m	2012 £m
Authorised		
2,500,000 ordinary shares of £1 each	2.5	2.5
40,000,000 preference shares of £1 each	<u>40.0</u>	<u>40.0</u>
	<u>42.5</u>	<u>42.5</u>
Allotted, called up, and fully paid		
1,200,002 ordinary shares of £1 each	<u>1.2</u>	<u>1.2</u>

14. Reserves

	Profit and loss account £m
Balance at 1 April 2012	(30.2)
Retained loss for the financial year	<u>(3.2)</u>
Balance at 31 March 2013	<u>(33.4)</u>

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

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 £18,416 (2012 - £12,022).

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 2008
Free shares per employee	10
Date at which employee must still be employed to receive award (in addition to 31 March)	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.

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2012

16. Employee share-based payments (continued)

Details used in the calculation of these costs are as follows

(i) Savings-related share option scheme

As at 31 March 2013

Award Date	Option Price (pence)	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Date from which exercisable	Expiry date
10 July 2007	1,306	150	-	-	-	-	1 Oct 2012	31 Mar 2013
17 July 2008	1,274	587	-	-	-	-	1 Oct 2013	31 Mar 2014
30 June 2009	1,042	522	-	-	-	-	1 Oct 2012	31 Mar 2013
30 June 2009	1,042	1,669	-	-	-	-	1 Oct 2014	31 Mar 2015
30 June 2010	871	206	-	-	-	-	1 Oct 2013	31 Mar 2014
30 June 2010	871	7,158	-	-	-	-	1 Oct 2015	31 Mar 2016
28 June 2011	1,105	725	-	-	-	-	1 Oct 2016	31 Mar 2017
		11,017						

As at 31 March 2012

Award Date	Option Price (pence)	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Date from which exercisable	Expiry date
11 July 2006	999	644	-	-	(644)	-	1 Oct 2009	31 Mar 2010
10 July 2007	1,306	288	-	-	(288)	-	1 Oct 2010	31 Mar 2011
10 July 2007	1,306	150	-	-	-	150	1 Oct 2012	31 Mar 2013
17 July 2008	1,274	309	-	-	(309)	-	1 Oct 2011	31 Mar 2012
17 July 2008	1,274	1,352	-	-	(765)	587	1 Oct 2013	31 Mar 2014
30 June 2009	1,042	522	-	-	-	522	1 Oct 2012	31 Mar 2013
30 June 2009	1,042	2,563	-	-	(894)	1,669	1 Oct 2014	31 Mar 2015
30 June 2010	871	206	-	-	-	206	1 Oct 2013	31 Mar 2014
30 June 2010	871	7,866	-	-	(708)	7,158	1 Oct 2015	31 Mar 2016
28 June 2011	1,105	-	725	-	-	725	1 Oct 2016	31 Mar 2017
		13,900	725	-	(3,608)	11,017		

As share options are exercised continuously throughout the period from 1 October to 31 March, the weighted average share price during this period of 1,433p (2012 1,291p) is considered representative of the weighted average share price at the date of exercise. The weighted average share price of forfeitures is simply the option price to which the forfeit relates.

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 2007		July 2008		June 2009		June 2010		June 2011		July 2012	
	3 Year	5 Year	3 Year	5 Year	3 Year	3 Year	5 Year	3 Year	5 Year	3 Year	3 Year	5 Year
Fair value of option	287p	313p	304p	339p	244p	269p	231p	246p	171p	163p	182p	159p
Expected volatility	25%	25%	28%	28%	35%	35%	19%	19%	18%	18%	18%	18%
Risk free rate	5.8%	5.7%	4.9%	5.0%	2.7%	2.9%	1.4%	2.2%	1.2%	2.1%	0.4%	0.9%
Expected dividends	5.3%	5.2%	4.1%	4.2%	4.1%	4.2%	1.7%	2.2%	6.1%	6.1%	5.9%	5.8%
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	1,460p	1,460p	1,397p	1,397p	1,139p	1,139p	1,089p	1,089p	1,393p	1,393p	1,391p	1,391p
Strike price	1,306p	1,306p	1,274p	1,274p	1,042p	1,042p	871p	871p	1,105p	1,105p	1,065p	1,065p

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

SSEPG (Operations) Limited

Notes on the Financial statements for the year ended 31 March 2013

16. Employee share-based payments (continued)

(ii) Share Incentive Plan

Matching shares

	2013		2012	
	Shares	Weighted average price (pence)	Shares	Weighted average price (pence)
Outstanding at start of year	577	1,174	695	1,196
Granted	144	1,395	132	1,315
Exercised	-	-	(250)	1,310
Transfer to pool account	(39)	1,506	-	-
Outstanding at end of year	682	1,240	577	1,174
Exercisable at end of year	207	1,301	231	1,174

When shares have been held for a period of 5 years they are transferred to a pooled share account. At this point the holder has an unconditional right to the share.

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.

Free shares

	2013		2012	
	Shares	Weighted average price (pence)	Shares	Weighted average price (pence)
Outstanding at start of year	100	1,114	170	1,195
Exercised	(10)	1,395	(70)	1,310
Transfer to pool account	(60)	1,474	-	-
Outstanding at end of year	30	1,417	100	1,114
Exercisable at end of year	30	1,417	100	1,114

As shares are exercised continuously throughout the year, the weighted average share price during the period of 1,395p (2012: 1,310p) is considered representative of the weighted average share price at the date of exercise.

When shares have been held for a period of 5 years they are transferred to a pooled share account. At this point the holder has an unconditional right to the share.

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. Ultimate holding company

The Company is a subsidiary of SSE 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 SSE plc. The consolidated financial statements of the group (which include those of the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ or by accessing the Company's website at www.sse.com.