

REGISTERED NO.
02902170

Fibre Power (Slough) Limited

Financial Statements for the year ended 31 March 2015

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Fibre Power (Slough) Limited

Strategic Report

Development and performance review of the business

The Company's Renewable Obligation Certificate (ROC) accredited business centres on Boiler 17 and Turbine TA17 which were refurbished during the year

The Company has reported an operating loss of £2,374,000 (2014 – £5,677,000) However, underlying profit improved due to increased generation output and operating cost savings

During the year, the plant has been run using recycled wood and waste derived fuel during commissioning, the final phase of which, took place during the latter part of the year Following refurbishment, performance and generation output is expected to be significantly improved in the next financial year

Whilst the Company owns the plant, operational staffing is provided through Slough Heat and Power Limited Slough Heat and Power Limited being the service company for the Slough Heat and Power group of companies located at Slough, Berkshire, of which, the Company is a member

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

To mitigate these risks, regular maintenance work is performed at the plant to avoid unplanned outage, competitor activity is monitored, and effectiveness of performance in all key risk areas is regularly reviewed by management In addition the SSE Group (of which the company is part) has a Risk and Trading Committee which oversees any major policy changes

The main financial risks that the Company could face have been considered by the directors and the Group's Risk and Trading 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

Key performance indicators

	2015	2014	% increase
Revenue - £'000	5,401	2,435	122
Gross profit/(loss) - £'000	771	(2,369)	133

ON BEHALF OF THE BOARD

PR Smith

Paul Smith
Director

18 December 2015.

Fibre Power (Slough) Limited

Report of the Directors

The Directors present their report together with the audited Financial Statements for the year ended 31 March 2015

1. Principal Activities

Fibre Power (Slough) Limited's ('the Company') principal activity was the generation of electricity from a 12MW waste wood plant for use by SSE Energy Supply Limited ('SSEESL'), a related company. However, from 1 April 2014 the Company now sells all its generation output to another related company, SSE EPM Limited.

2. Results and Dividends

The loss for the year amounted to £2,195,000 (2014 – £4,446,000). The directors do not recommend the payment of a dividend (2014 - £nil).

6 Directors

The directors who served during the year were as follows:

Mark Hayward
Paul Smith

4. 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 LLP will therefore continue in office.

ON BEHALF OF THE BOARD

PR Smith

Paul Smith
Director

18 December 2015

55 Vastern Road
Reading
Berkshire
RG1 8BU

Fibre Power (Slough) Limited

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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.

ON BEHALF OF THE BOARD



Paul Smith
Director

18 December 2015.

55 Vastern Road
Reading
Berkshire
RG1 8BU

Fibre Power (Slough) Limited

Independent Auditor's Report to the Members of Fibre Power (Slough) Limited

We have audited the financial statements of Fibre Power (Slough) Limited for the year ended 31 March 2015 as set out on pages 5 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).

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 2015 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 Strategic Report and 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.



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

21 December 2015

Fibre Power (Slough) Limited

Profit and Loss Account for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover		5,401	2,435
Cost of Sales		(4,630)	(4,804)
Gross profit/(loss)		771	(2,369)
Administrative costs		(3,145)	(3,308)
Operating loss	2	(2,374)	(5,677)
Interest payable and similar charges	5	(40)	(40)
Loss on ordinary activities before taxation		(2,414)	(5,717)
Tax on loss on ordinary activities	6	219	1,271
Loss for the financial year	14	(2,195)	(4,446)

The above results are derived from continuing activities

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

The accompanying notes form part of these Financial Statements

Fibre Power (Slough) Limited

Balance Sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	<u>5,253</u>	<u>7,504</u>
Current assets			
Debtors amounts falling due within one year	8	11,785	6,308
Creditors:			
Amounts falling due within one year	9	(19,602)	(14,215)
Net current liabilities		<u>(7,817)</u>	<u>(7,907)</u>
Total assets less current liabilities		<u>(2,564)</u>	<u>(403)</u>
Creditors:			
Amounts falling due after more than one year	10	-	(14,758)
Provisions for liabilities and charges			
Deferred taxation	11	(44)	(53)
Other provisions	12	(504)	(461)
Net liabilities		<u>(3,112)</u>	<u>(15,675)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	(17,870)	(15,675)
Capital contribution	14	14,758	-
Shareholders' deficit		<u>(3,112)</u>	<u>(15,675)</u>

The accompanying notes form an integral part of these financial statements

These Financial Statements were approved by the directors on 18 December 2015
and signed on their behalf by

PR Smith

Paul Smith, Director
Fibre Power (Slough) Ltd
Registered no 02902170

Fibre Power (Slough) Limited

Reconciliation of Movements in Shareholders' Deficit As at 31 March 2015

	2015	2014
	£'000	£'000
Loss for the financial year	(2,195)	(4,446)
Capital contribution	14,758	-
Net decrease/(increase) in shareholders' deficit	12,563	(4,446)
Opening shareholders' deficit	(15,675)	(11,229)
Closing shareholders' deficit	(3,112)	(15,675)

Fibre Power (Slough) Limited

Notes on the Financial Statements for the year ended 31 March 2015

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 have been prepared under the historical cost convention.

The Financial Statements have been prepared on the going concern basis, notwithstanding the net liabilities of £3,112,000 (2014: £15,675,000), 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 plc Group.

Turnover

Turnover, stated exclusive of Value Added Tax relates to the income from the generation of electricity.

Interest

Interest receivable comprises interest earned on funds invested. Interest paid comprises interest paid on borrowings and the release of discounting on provisions. Interest income and costs are recognised in the profit and loss as they accrue, on an effective interest method.

Taxation

The charge for taxation is based on the result 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.

Fibre Power (Slough) Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2015

1. Principal accounting policies (continued)

Tangible fixed assets

All tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Plant and machinery	20
Furniture, fixtures and fittings	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's net book value is written down immediately to its recoverable value if the net book value is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing the proceeds with the net book value and are recognised in the profit and loss account.

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.

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 period.

Decommissioning provision

The directors of the Company estimate the cost of decommissioning the power station at the end of its useful life and make a provision for this amount, albeit on a discounted basis. The estimation of the decommissioning costs requires significant judgement around future inflation rates, interest rates and actual costs of decommissioning. The estimated cost of decommissioning at the end of the useful lives of certain assets is reviewed periodically. Provision is made for the estimated cost of decommissioning. A corresponding decommissioning asset is recognised and is included within property, plant and equipment. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset.

Fibre Power (Slough) Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2015

2 Operating profit

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

	2015 £'000	2014 £'000
Depreciation of tangible assets (note 7)	2,245	2,245

Audit fees for the Slough Heat and Power group of £10,000 (2014 £10,000) are borne by the parent company Slough Heat and Power Limited £1,000 (2014 £1,000) of this was in relation to the audit of Fibre Power (Slough) Limited

3. Staff costs and numbers

There are no employees directly employed by the Company (2014 nil)

4 Directors' remuneration

In the year to 31 March 2015, no director received remuneration in respect of their service to the Company Both directors are employees of other SSE group companies

5 Net interest payable

	2015 £'000	2014 £'000
Foreign exchange translation of monetary assets and liabilities	(3)	-
Unwinding of discount on provision	43	40
Net Interest Payable	40	40

6. Taxation

	2015 £'000	2014 £'000
Current tax		
UK corporation tax at 21% (2014- 23%) current period	(193)	(994)
Adjustment in respect of prior periods	(17)	-
	(210)	(994)
Deferred tax		
Origination and reversal of timing differences	(279)	(269)
Effect of change in the rate	-	(8)
Adjustment in respect of prior periods	270	-
Total Deferred Tax	(9)	(277)
Total tax credit on loss on ordinary activities	(219)	(1,271)

Fibre Power (Slough) Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2015

6. Taxation (continued)

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

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	<u>(2,414)</u>	<u>(5,717)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2014 - 23%)	(507)	(1,315)
Effects of		
Expenses not deductible for tax purposes	-	52
Capital allowances in excess of depreciation	270	260
Permanent differences	35	-
Origination and reversal of timing differences	9	9
Adjustments in respect of prior periods	(17)	-
Tax credit for year	<u>(210)</u>	<u>(994)</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

7. Tangible assets

	Plant and Machinery £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2014	40,022	3,983	44,005
Disposals	-	(6)	(6)
At 31 March 2015	<u>40,022</u>	<u>3,977</u>	<u>43,999</u>
Depreciation:			
At 1 April 2014	36,501	-	36,501
Charge for the year	2,245	-	2,245
At 31 March 2015	<u>38,746</u>	<u>-</u>	<u>38,746</u>
Net book value:			
At 31 March 2015	<u>1,276</u>	<u>3,977</u>	<u>5,253</u>
At 31 March 2014	3,521	3,983	7,504

Fibre Power (Slough) Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2015

8 Debtors amounts falling due within one year

	2015	2014
	£'000	£'000
Other debtors	41	-
Amounts owed by group undertakings	11,551	5,068
Corporation tax recoverable	193	994
Prepayments and accrued income	-	246
	11,785	6,308

9. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	-	4
Other creditors	141	141
Accruals and deferred income	20	64
Amounts owed to group undertakings	19,441	14,006
	19,602	14,215

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

	2015	2014
	£'000	£'000
Amounts owed to group undertakings	-	14,758

During the year SSE plc wrote off £14,758,000 of intercompany debt payable by Fibre Power (Slough) Limited by way of capital contribution

11. Deferred taxation

Deferred taxation is provided as follows

	2015	2014
	£'000	£'000
Accelerated capital allowances	145	53
Other timing differences	(101)	-
Provision for deferred tax	44	53

	2015
	£'000
Provision at 1 April 2014	53
Credited to profit and loss account	(9)
Provision 31 March 2015	44

Fibre Power (Slough) Limited

Notes on the Financial Statements (continued) for the year ended 31 March 2015

12. Provisions

	Decommissioning £'000
At 1 April 2014	461
Unwind of discount	43
At 31 March 2015	504

Provision has been made for the future cost of decommissioning the power station assets owned by the Company. The estimate is based on a forecast of clean-up costs at the time of decommissioning discounted for the time value of money. The timing of costs provided is dependent on the life of the facility. The discount rate applied was 9.5% (2014: 9.5%) pre tax.

13 Share capital

	Number	£
Ordinary shares of £1.00 each		
Allotted, called up and fully paid		
At 1 April 2014 and 31 March 2015	100	100

14. Reserves

	Profit and loss account £'000	Capital contribution £'000	Total £'000
At 1 April 2014	(15,675)	-	(15,675)
Movement in the year	(2,195)	14,758	12,563
At 31 March 2015	(17,870)	14,758	(3,112)

During the year, the parent company made a capital contribution to the company in the form of writing off loans payable by the company. The capital contribution reserve created during the year is a distributable reserve.

15 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.