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Registered Number 3486588

Slough Domestic Electricity Limited

Directors report and Accounts for the year ended 31 December 2007

Directors	A. R Ellis (resigned 31 December 2007) J Pebworth (resigned 31 December 2007) G Brydon (appointed 1 January 2008) P Smith (appointed 1 January 2008)
Secretary	J R Probert FCIS (resigned 31 December 2007) V Donnelly (appointed 1 January 2008)
Registered Office and Head Office	55 Vastern Road, Reading, Berkshire RG1 8BU
Registered Number	3486588

Directors' Report
The directors submit their annual report together with the audited financial statements for the year ended 31 December 2007

Business of the Company
During 2007, Slough Heat and Power Limited and all of its subsidiaries (including the company) were sold by SEGRO plc to Scottish and Southern Energy plc The headline consideration before certain estimated post-closing adjustments amounted to approximately £49 3 million The sale was completed on 31 December 2007

The principal activities of the company are the supply and distribution of electricity The company has performed in line with expectations The directors are satisfied with the year end position

Principal risks and uncertainties
From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Slough Heat & Power group and are not managed separately The key business risks and uncertainties affecting the Slough Heat & Power group, and therefore the company, are considered to relate to

- fuel supply and potential wood shortages,
- plant availability and the resulting impact on ROC revenue and exposure to import risk,
- carbon trading,
- ROC prices,
- the market price of electricity

Future outlook
The prospects for the Slough Heat and Power group companies in 2008 will remain challenging due to a number of reasons The carbon traded price in 2008 under EU Emissions Trading Scheme 2 will be significantly higher than in 2007 Energy prices will remain at high levels reflecting the wholesale cost of fuel, in particular gas and oil ROC prices are expected to remain buoyant due to continued shortfall in UK renewable production As a consequence of the group's acquisition by Scottish and Southern Energy plc, the principal activities of certain group companies may change due to regulatory requirements and there may also be subsequent restructuring The principal activities of the Slough Heat and Power group will remain unchanged

Subsequent to the sale to Scottish & Southern Energy plc ("SSE"), the companies business was sold to SSE Energy Supply Ltd & Southern Electric Power Distribution Ltd, fellow SSE subsidiaries for consideration of £2 2 million on 31 December 2007 As a consequence the directors expect the company to cease business in the near future and have not prepared the accounts on a going concern basis (see Note 14 to the financial statements)

Key performance indicators
The key performance indicators of the SHP group, which are monitored against budget, are as follows

- gross margin defined as SHP group contribution before fixed production costs 2007 £17,823,000 (2006
- total fixed costs 2007 £12,442,000 (2006 £13,244,000)

Results and Dividends
The results for the year ended 31 December 2007 are set out on page 5 The directors do not recommend the payment of a dividend (2006 £NIL)

Directors
The directors of the company all of whom served throughout the year, unless otherwise stated, are as shown above

Payment of Suppliers
It is the company's policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders

Charitable, political and other donations

The company made no charitable, political or other donations during the year

Auditors and Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

* so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

* the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP were appointed as the company's auditors for the year ended 31 December 2007 on 21 September 2007

As a result of the acquisition of the company by SSE, the board intend to appoint KPMG LLP as the company's auditors for the year ending 31 December 2008 following the approval of these financial statements

On behalf of the Board

V Donnelly
Secretary

Slough Domestic Electricity Limited
Statement of Directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

* properly select and apply accounting policies;

* present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,

* provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, 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 proper accounting records that 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 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

V Donnelly
Secretary

31 October 2008

We have audited the financial statements of Slough Domestic Electricity Limited for the year ended 31 December 2007 which comprise the Income statement, Balance Sheet, Cash Flow Statement, Statement of Recognised Income and Expenses and the related notes 1 to 15 These financial statements 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 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
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements 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 financial statements 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 financial statements

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 financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

Emphasis of matter - Financial statements prepared other than on a going concern basis
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 14 to the financial statements, which explains that the financial statements have been prepared on a basis other than going concern

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
31 October 2008

Slough Domestic Electricity Limited
Income statement for the year ended 31 December 2007

	Notes	2007 £000's	2006 £000's
Revenue	2	**1,075**	907
Income from sale of electricity		**1,075**	907
Cost of sales		**(698)**	(554)
Net income from utilities and gas		**377**	353
Administrative expenses	3	**(186)**	(221)
Profit on disposal of domestic assets and customer contracts		**2,225**	-
Operating income		**2,416**	132
Finance income	4	**72**	7
Profit before tax		**2,488**	139
Taxation			
- current	5	-	(37)
- deferred	5	-	-
		-	(37)
Profit for the period after tax		**2,488**	102

The companies results for the current period relate to discontinued operations following the sale of the company to Scottish and Southern Energy Plc (see note 14)

Slough Domestic Electricity Limited
Statement of recognised income and expense for the year ended 31 December 2007

	2007 £000's	2006 £000's
Profit for the period	**2,488**	102
Total recognised income for the period	**2,488**	102
Attributable to equity holders	**2,488**	102

Slough Domestic Electricity Limited
Balance Sheet as at 31 December 2007

	Notes	2007 £000's	2006 £000's
Non-current assets			
Deferred tax asset	6	1	1
Total non-current assets		1	1
Current assets			
Trade and other receivables	7	2,574	91
Total current assets		2,574	91
Total assets		2,575	92
Current liabilities			
Trade and other payables	8	35	40
Total current liabilities		35	40
Total liabilities		35	40
Net assets		2,540	52
Equity			
Called up ordinary share capital	9	-	-
Retained earnings	11	2,540	52
Total equity	10	2,540	52

The financial statements on pages 5 to 14 were approved by the Board of directors and authorised for issue on 31 October 2008 and signed on its behalf by

Director

Slough Domestic Electricity Limited
Cash Flow Statement for the year ended 31 December 2007

	Note	2007 £000's	2006 £000's
Cash inflow generated from operations	12	154	111
Interest received		72	7
Tax paid		-	(37)
Net cash inflow from operating activities		226	81
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Net decrease in borrowings from fellow subsidiaries		(226)	(81)
Net cash used in financing activities		(226)	(81)
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Slough Domestic Electricity Limited
Notes to the financial statements

1 General

Slough Domestic Electricity Limited is a limited company incorporated in Great Britain The company's ultimate holding company is Scottish and Southern Energy plc which is incorporated in Great Britain

These financial statements are presented in thousands and in sterling since that is the currency in which the majority of the company's transactions are denominated The financial statements have been prepared under the historical cost convention A summary of significant accounting policies is shown in note 14

During 2007, Slough Heat and Power Limited and all of its subsidiaries including the company were sold by SEGRO plc to Scottish and Southern Energy plc The headline consideration before certain estimated post-closing adjustments amounted to approximately £49 3 million The sale completed on 31 December 2007

As explained in note 14, the company has ceased trading since the balance sheet date The financial statements have been prepared on a basis other than that of a going concern Further disclosure is provided in note 14

2. Revenue

	2007 £000's	2006 £000's
Sale of electricity	1,075	907
Total revenue	1,075	907

3. Administrative expenses

Directors Remuneration

The directors are executives of the holding company, Slough Heat and Power Limited, and are also directors of Slough Electricity Contracts Ltd, Power From Waste Ltd, Fibre Power (Slough) Ltd, Fibre Fuel Limited, Slough Utility Services Limited and Slough Energy Supplies Ltd The directors received total emoluments of £309,000 from Slough Heat and Power Limited during the year, but it is not practicable to allocate this between their services as executives of Slough Heat and Power Limited and their services as directors of Slough Electricity Contracts Ltd, Power From Waste Ltd, Fibre Power (Slough) Ltd, Fibre Fuel Limited, Slough Utility Services Limited and Slough Energy Supplies Limited

Employees

There are no employees directly employed by the company (2006 Nil)

Audit Fees

Audit fees of £27,000 (2006 £37,000) are borne by Slough Heat & Power Limited

4 Finance income

	2007 £000's	2006 £000's
Interest receivable from parent undertaking	72	7
	72	7

Slough Domestic Electricity Limited
Notes to the financial statements (continued)

5 Taxation	2007 £000's	2006 £000's
Current tax		
Provision for UK Corporation taxation based on profits for the year		
Corporation tax at 30 per cent (2006 30 per cent)	-	42
Adjustments in respect of prior periods	-	(5)
Total current taxation charge	-	37
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	
Total tax on profit on ordinary activities	-	37

Factors affecting the tax charge for the period
The tax is lower (2006 lower) than the standard rate of corporation tax in the UK The differences are explained below

	2007 £000's	2006 £000's
Profit on ordinary activities before tax	2,488	139
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 per cent (2006 30 per cent)	746	42
Effects of		
Profit covered by group relief for no consideration	(57)	-
Permanent differences	(689)	-
Adjustment in respect of prior periods	-	(5)
	-	37

6 Deferred tax assets	2007 £000's	2006 £000's
Balance 1 January	1	1
Charge to the income statement	-	-
Balance 31 December	1	1

Deferred tax consists of accelerated capital allowances

7 Trade and other receivables	2007 £000's	2006 £000's
Trade and other receivables	77	47
Amounts due from group companies	2,467	16
Prepayments and accrued income	30	28
	2,574	91

There is no concentration of credit with respect to trade receivables as this risk is spread over a large number of customers The directors consider that the carrying amount of the trade receivables, amounts due from group undertakings and other receivables approximate their fair value No amounts are past due but not impaired and the directors regard the credit risk as immaterial

8 Trade and other payables	2007 £000's	2006 £000's
Trade and other payables	35	40
	35	40

The directors are of the opinion that the fair value of trade and other payables are equal to their carrying amount
Trade and other payables fall due for payment within six months of the balance sheet date

9 Share capital	Authorised Shares	£	Issued and fully paid Shares	£
Ordinary shares of £1 each				
At 1 January 2007 and 31 December 2007	100,000	100,000	2	2
		100,000		2

10. Statement of changes in equity

2007	Balance 1 January 2007 £000's	Retained profit for the period £000's	31 December 2007 £000's
Ordinary share capital	-	-	-
Retained earnings	52	2,488	**2,540**
Total equity attributable to equity shareholders	52	2,488	**2,540**
Total equity	52	2,488	**2,540**

2006	Balance 1 January 2006 £000's	Retained profit for the period £000's	31 December 2006 £000's
Ordinary share capital	-	-	-
Retained earnings	(50)	102	**52**
Total equity attributable to equity shareholders	(50)	102	**52**

11 Retained Earnings

	2007 £000's	2006 £000's
Balance at 1 January	**52**	(50)
Profit for the year	**2,488**	102
Balance at 31 December	**2,540**	52

12 Reconciliation of cash generated from operations

	2007 £000's	2006 £000's
Net operating income	**2,416**	132
Adjustments for		
Gains on disposal of property, plant and equipment	**(2,225)**	-
	191	132
Changes in working capital		
Increase in debtors	**(32)**	(42)
(Decrease)/Increase in creditors	**(5)**	21
Net cash inflow generated from operations	**154**	111

13 Related party transactions

Transactions between the company and Scottish and Southern Energy plc group companies are disclosed below

Group Company	Nature of transaction	2007 £'000	Total 2006 £'000
Slough Energy Supplies Limited	Cost of Sales	**(698)**	(554)
Slough Heat and Power Limited	Administration recharge	**(169)**	(211)
Slough Heat and Power Limited	Finance recharge	**72**	(7)

Significant balances outstanding between the company and Scottish and Southern Energy plc group companies are shown below

Group Company	Amount receivable 2007 £'000	Amount receivable 2006 £'000	Amount payable 2007 £'000	Amount payable 2006 £'000
Slough Heat and Power Limited	**2,467**	16	**-**	-

None of the above balances are secured All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions The loan balance and finance charge whilst strictly coming from the immediate parent company, ultimately flow from the ultimate parent company

14 Going Concern

The Company has ceased trading since the balance sheet date As required by IAS 1 Presentation of Financial Statements, the Directors have prepared the financial statements on a basis other than going concern which includes, where appropriate, writing down the Company's assets to net realisable value Provision has also been made for any contractual commitments that have become onerous at the balance sheet date The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date

15 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

Basis of preparation

The financial statements of Slough Domestic Electricity Limited have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the group's accounting policies

Trade and other receivables

Trade and other receivables are recognised initially at fair value A provision for impairment of trade receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables concerned

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less Bank overdrafts that are repayable on demand and which form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

Impairment

The company's assets are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated (see below) An impairment loss is recognised in income whenever the carrying amount of an asset exceeds its recoverable amount For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows

The recoverable amount of an asset is the greater of its net selling price and its value-in-use The value-in-use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset Any impairment of financial assets is based on the original effective interest rate attributable to the financial asset on acquisition

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised

Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method

Provisions

A provision is recognised in the balance sheet when the company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract

Provision is made for dilapidations that will crystallise in the future where, on the basis of the present condition of the property, an obligation exists at the reporting date and can be reliably measured The estimate is revised over the remaining period of the lease to reflect changes in the condition of the building or other changes in circumstances The estimate of the obligation takes account of relevant external advice

Trade and other payables

Trade and other payables are stated at cost

15 Summary of significant accounting policies (continued)

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets are not recognised if the temporary differences arise from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company is entitled to settle its current tax assets and liabilities on a net basis

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved

Adoption of new and revised Standards

In the current year, the company has adopted IFRS 7 *Financial Instruments Disclosures* which is effective for annual reporting periods on or after 1 January 2007, and the related ammendment to IAS 1 *Presentation of Financial Statements* The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments and management of capital

Four intrepretations issued by the International Financial Reporting Interpretations Committee are effective for the current period These are IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies, IFRIC 8 Scope of IFRS 2, IFRIC 9 Reassessment of Embedded Derivatives, and IFRIC 10 Interim Financial Reporting and Impairment* The adoption of these interpretations has not lead to any changes in the company's accounting policies

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 8 *Operating Segments*
IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*
IFRIC 12 *Service Concession Arrangements*
IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statement of the company except for addtiional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009

Share capital

Ordinary shares are classed as equity External costs directly attributable to the issue of new shares are shown in equty as a deduction, net of tax, from the proceeds

Revenue

Revenue comprises amounts arising from the supply and distribution of electricity and is recognised as title passes