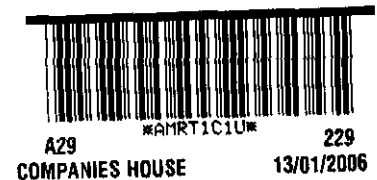


REGISTERED NO.  
5146257

**SSE Freight Limited**

**Accounts for the period 4 June 2004 (date of incorporation)  
to 31 March 2005**

<b>CONTENTS</b>	<b>Page No.</b>
Report of the Directors	1 - 2
Directors' Responsibilities for Preparation of the Accounts	3
Independent Auditors' Report on the Accounts	4
Profit and Loss Account	5
Balance Sheet	6
Statement of Total Recognised Gains and Losses and Reconciliation of Movements in Shareholders' Funds	7
Notes on the Accounts	8 - 10



## **SSE Freight Limited**

### **Report of the Directors**

The Directors present their report together with the audited Accounts for the period from 4 June 2004 (date of incorporation) to 31 March 2005.

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

The Company was incorporated on 4 June 2004 as Dunwilco (1157) Limited and changed its name to SSE Freight Limited on 6 September 2004. The Company's principal activity during the period was the operation of the time chartering business of Scottish and Southern Energy plc following the acquisition of the business as part of the larger acquisition of Fiddler's Ferry and Ferrybridge power stations, associated coal stocks, fuel in transit and contracts to supply fuel, from AEP Energy Services UK Limited. The Company commenced trading on 3 October 2004.

#### **2. Review of Developments and Future Prospects**

The Directors intend the Company to pursue its principal activity of the operation of the time chartering business on behalf of the Scottish and Southern Energy Group.

#### **3. Share Capital**

The Company's authorised share capital is £1,000 divided into 1,000 shares of £1 each.

#### **4. Results and Dividends**

The profit after tax for the period amounted to £4.6M. The Directors do not recommend the payment of a dividend.

#### **5. Directors**

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

D.W. Director 1 Limited	(appointed 4 June 2004, resigned 3 September 2004)
Vincent Donnelly	(appointed 3 September 2004)
Iwan Morgan	(appointed 29 October 2004)
Alistair Phillips-Davies	(appointed 3 September 2004)
David Sigsworth	(appointed 3 September 2004, resigned 31 March 2005)

# **SSE Freight Limited**

## **Report of the Directors** (continued)

### **6. Directors' Interests in Ultimate Holding Company**

The interests of Alistair Phillips-Davies in the shares of the Company's ultimate holding company, Scottish and Southern Energy plc, are noted in the Accounts of Scottish and Southern Energy plc. The interests of Vincent Donnelly and Iwan Morgan in the shares of the Company's ultimate holding company, Scottish and Southern Energy plc, are as follows:

	<b>31 March 2005</b>		<b>At date of appointment</b>	
	<b>No. of shares beneficially held</b>	<b>No. of shares under option</b>	<b>No. of shares beneficially held</b>	<b>No. of shares under option</b>
Vincent Donnelly	<b>21,649</b>	<b>10,918</b>	22,571	9,826
Iwan Morgan	<b>14,560</b>	<b>18,753</b>	14,453	28,310

ON BEHALF OF THE BOARD

*AG Gray*  
Ailsa Gray  
Secretary  
31 August 2005

## **SSE Freight Limited**

### **Directors' Responsibilities for Preparation of the Accounts**

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the auditors' report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the Accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The directors are required to use a going concern basis in preparing the Accounts unless this is inappropriate.

The directors consider that, in preparing the Accounts on pages 5 to 10, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

## **SSE Freight Limited**

### **Independent Auditors' Report to the Members of SSE Freight Limited**

We have audited the Accounts on pages 5 to 10.

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 are responsible for preparing the directors' report and, as described on page 3, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the accounts have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if 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 transactions with the Company is not disclosed.

#### **Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards 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 of the state of affairs of the Company as at 31 March 2005 and of the profit for the period then ended and the accounts have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh  
31 August 2005

# **SSE Freight Limited**

## **Profit and Loss Account for the period ended 31 March 2005**

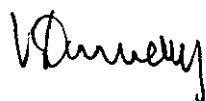
	Note	4 June 2004 to 31 March 2005 £M
Turnover		9.3
Cost of sales		(2.7)
<b>Profit on ordinary activities before taxation</b>		<hr/> 6.6
Tax on profit on ordinary activities	3	(2.0)
<b>Retained profit for the period</b>	7	<hr/> <hr/> 4.6

# SSE Freight Limited

## Balance Sheet as at 31 March 2005

	Note	2005 £M
<b>Current assets</b>		
Debtors: amounts falling due within one year	4	9.3
Creditors: amounts falling due within one year	5	(4.7)
<b>Net current assets</b>		<u>4.6</u>
<b>Total assets less current liabilities</b>		<u>4.6</u>
<b>Net assets</b>		<u>4.6</u>
<b>Capital and reserves</b>		
Called up share capital	6	-
Profit and loss account	7	4.6
<b>Equity shareholders' funds</b>		<u>4.6</u>

These Accounts were approved by the Directors on 31 August 2005 and signed on their behalf by



Vincent Donnelly, Director

# **SSE Freight Limited**

## **Statement of Total Recognised Gains and Losses for the period ended 31 March 2005**

	2005 £M
Profit for the financial period	4.6
<b>Total recognised gains and losses relating to the period</b>	<b>4.6</b>
<b>Total gains and losses recognised</b>	<b>4.6</b>

## **Reconciliation of Movement in Shareholders' Funds as at 31 March 2005**

	2005 £M
Profit for the period	4.6
Dividends	-
<b>Retained profit for the period</b>	<b>4.6</b>
Share capital issued	-
<b>Net addition to shareholders' funds</b>	<b>4.6</b>



## **SSE Freight Limited**

### **Notes on the Accounts**

**for the period from 4 June 2004 to 31 March 2005**

#### **1. Principal accounting policies**

##### **Basis of accounting**

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 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 Scottish and Southern Energy plc, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group.

##### **Turnover**

Turnover, stated net of value added tax, represents the amounts derived from time chartering of freight.

##### **Taxation**

The charge for taxation is based on the profit 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.

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is expected that the underlying timing differences will reverse. The discount rates used reflect the post-tax yields to maturity that can be obtained on government bonds.

# SSE Freight Limited

## Notes on the Accounts

for the period from 4 June 2004 to 31 March 2005

### 2. Directors', staff and auditors' remuneration

No Director received remuneration in respect of their service to the Company. There were no staff employed during the period. The Company did not incur an audit fee in the period.

### 3. Taxation

	2005 £M
Current tax:	
United Kingdom corporation tax	<u>2.0</u>
Deferred tax	<u>-</u>
Total tax on profit on ordinary activities	<u>2.0</u>

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

	2005 £M
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	<u>2.0</u>
<b>Current tax charge for period</b>	<u>2.0</u>

### 4. Debtors

	2005 £M
Amounts falling due within one year:	
Amounts owed by parent company	<u>9.3</u>

### 5. Creditors: amounts falling due within one year

	2005 £M
Amounts owed to parent company	2.7
Corporation tax	<u>2.0</u>
	<u>4.7</u>

# SSE Freight Limited

## Notes on the Accounts for the period from 4 June 2004 to 31 March 2005

### 6. Share capital

The authorised and called up share capital was:

	2005 £
Authorised:	
1,000 ordinary shares of £1 each	<u>1,000</u>
Allotted, called up and fully paid:	
1 ordinary share of £1 each	<u>1</u>

### 7. Profit and loss account

	£M
Retained profit for the period	<u>4.6</u>
<b>Balance at 31 March 2005</b>	<u><b>4.6</b></u>

### 8. Ultimate holding company

The Company's ultimate holding company is Scottish and Southern Energy plc, registered in Scotland. Copies of the Group Accounts, which include the Company, are available from Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.