

REGISTERED NO.
5146257

SSE Freight Limited

Accounts for the year ended 31 March 2008

CONTENTS	Page No.
Report of the Directors	1
Statement of directors' responsibilities in respect of the Directors' Report and the Accounts	2
Independent Auditors' Report to the Members	3
Profit and Loss Account	4
Balance Sheet	5
Reconciliation of Movements in Shareholders' Funds	6
Notes on the Accounts	7 - 8



SSE Freight Limited

Report of the Directors

The Directors present their report together with the audited Accounts for the year ended 31 March 2008.

1. Principal Activities

The Company's principal activity during the year was the operation of the time chartering business of the Scottish and Southern Energy plc Group.

2. Business Review

The Company's business activities during the year related to the charter out of two 'Cape' Class vessels. Revenue was generated from two long-term fixed price contracts, one for each of the vessels. Given the fixed-price nature of the contracts, the results are in-line with expectations, with operating profit increasing to £8.5m from a loss of £3.1m in the previous year.

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.

Management monitor the key business performance through indicators of the timely and efficient delivery of goods to customers. The principal risks and uncertainties relate to the inability to deliver goods to customers through operational, or other, failures and also maintaining the quality of service delivery.

3. Results and Dividends

The profit after tax for the year amounted to £6.0m (2007 - £2.2m loss). The Directors do not recommend the payment of a dividend (2007 - £nil)

5. Directors

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

Vincent Donnelly
Iwan Morgan
Alistair Phillips-Davies

6. Political and Charitable Donations

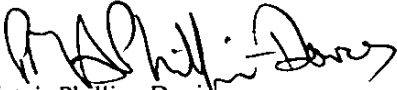
During the year, no charitable or political donations were made.

7. Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD


Alistair Phillips-Davies
Director
12 December 2008

SSE Freight Limited

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

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

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

The Accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these Accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its Accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

SSE Freight Limited

Independent Auditors' Report to the Members of SSE Freight Limited

We have audited the Accounts of SSE Freight Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These Accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

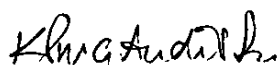
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant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

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

Opinion

In our opinion:

- the Accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the Accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Accounts.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
12 December 2008

SSE Freight Limited

Profit and Loss Account for the year ended 31 March 2008

	Note	2008 £m	2007 £m
Turnover	2	11.5	-
Cost of sales	2	(3.0)	(3.1)
Profit/(loss) on ordinary activities before taxation		<u>8.5</u>	<u>(3.1)</u>
Tax on profit/(loss) on ordinary activities	4	(2.5)	0.9
Profit/(loss) for the financial year	8	<u>6.0</u>	<u>(2.2)</u>

The above results are derived from continuing activities.

There were no other recognised gains and losses, other than the profit/(loss) for the financial year.

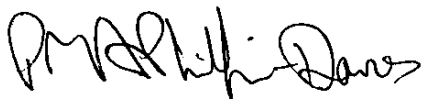
The accompanying notes are an integral part of these Accounts.

SSE Freight Limited

Balance Sheet as at 31 March 2008

	Note	2008 £m	2007 £m
Current assets			
Debtors: amounts falling due within one year	5	15.1	21.8
Creditors: amounts falling due within one year	6	(1.5)	(14.2)
Net current assets		<u>13.6</u>	<u>7.6</u>
Net assets		<u>13.6</u>	<u>7.6</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	13.6	7.6
Shareholders' funds		<u>13.6</u>	<u>7.6</u>

These Accounts were approved by the Directors on 12 December 2008 and signed on their behalf by



Alistair Phillips-Davies, Director

SSE Freight Limited

Reconciliation of Movements in Shareholders' Funds as at 31 March 2008

	2008	2007
	£m	£m
Profit/(loss) for the financial year	6.0	(2.2)
Net addition to/(reduction in) shareholders' funds	6.0	(2.2)
Opening shareholders' funds	7.6	9.8
Closing shareholders' funds	13.6	7.6

SSE Freight Limited

Notes on the Accounts for the year to 31 March 2008

1. Significant accounting policies

Basis of preparation

The Accounts have been prepared in accordance with all applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 1 (FRS 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated Accounts.

As the Company is a wholly owned subsidiary of Scottish and Southern Energy plc (SSE plc), it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy Group (the Group).

Turnover

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

Taxation

The charge for taxation is based on the profit/(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.

2. Turnover and cost of sales

Turnover represents the amounts derived from time chartering of freight and is stated net of value added tax. The cost of sales represents amounts in respect of a contract novated to the Company in March 2006 by SSE Energy Supply Limited (a related company).

3. Directors', staff and auditors' remuneration

No Director received remuneration in respect of their service to the Company (2007 - £nil). There were no staff employed during the year (2007 - none). The Company incurred an audit fee of £2,444 in the year (2007 - £nil).

4. Taxation

	2008 £m	2007 £m
Current tax:		
United Kingdom corporation tax charge/(credit)	2.5	(0.9)

There is no difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax (30%, 2007 - 30%) to the profit/(loss) before tax.

5. Debtors

	2008 £m	2007 £m
Amounts falling due within one year:		
Amounts owed by parent company	14.2	20.9
Group relief receivable	0.9	0.9
	15.1	21.8

SSE Freight Limited

Notes on the Accounts for the year to 31 March 2008

6. Creditors: amounts falling due within one year

	2008 £m	2007 £m
Amounts owed to parent company	-	14.2
Corporation tax	1.3	-
Other creditors	0.2	-
	<u>1.5</u>	<u>14.2</u>

7. Share capital

The authorised and called up share capital was:

	2007 £	2006 £
Authorised: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

8. Reserves

	Profit and loss account £m
As at 31 March 2007	7.6
Profit for the financial year	<u>6.0</u>
As at 31 March 2008	<u>13.6</u>

9. Ultimate holding company

The Company is a subsidiary of Scottish and Southern Energy plc, which is the ultimate parent company and is registered in Scotland. The largest and smallest group in which the results of the Company are consolidated is that headed by Scottish and Southern Energy plc. The consolidated accounts of the group (which include those of the Company) are available from Corporate Communications, Inverlmond House, 200 Dunkeld Road, Perth PH1 3AQ.