

REGISTERED NO.
5146257

SSE Freight Limited

Financial statements for the year ended 31 March 2011

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SSE Freight Limited

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2011

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 activity during the year related to the charter out of a 'Cape' Class vessel. This contract ended on 22nd February 2011 and to date has not been replaced. In the prior year, revenue was also generated from the chartering out of a 'Cape' Class vessel.

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 £4.3m (2010 - £3.7m). The Directors do not recommend the payment of a dividend (2010 - £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.

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

ON BEHALF OF THE BOARD


Vincent Donnelly
Director

20 September 2011

SSE Freight 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.

SSE Freight Limited

Independent Auditor's Report to the Members of SSE Freight Limited

We have audited the financial statements of SSE Freight Limited for the year ended 31 March 2011 as set out on pages 4 to 9. 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 2, 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its profit 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.

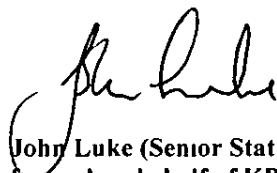
Opinion on other matter prescribed by the Companies Act 2006

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

20 September 2011

SSE Freight Limited

Profit and Loss Account for the year ended 31 March 2011

	Note	2011 £m	2010 £m
Turnover	2	5.8	5.1
Cost of sales	2	-	-
Profit on ordinary activities before interest and taxation		5.8	5.1
Net interest receivable	4	0.1	0.1
Profit on ordinary activities before taxation		5.9	5.2
Tax on profit on ordinary activities	5	(1.6)	(1.5)
Profit for the financial year	9	4.3	3.7

The above results are derived from continuing activities

There were no other recognised gains and losses, other than the profit for the financial year

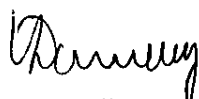
The accompanying notes are an integral part of these financial statements

SSE Freight Limited

Balance Sheet as at 31 March 2011

	Note	2011 £m	2010 £m
Current assets			
Debtors amounts falling due within one year	6	30.3	26.6
Creditors: amounts falling due within one year	7	(2.1)	(2.7)
Net current assets		<u>28.2</u>	<u>23.9</u>
Net assets		<u>28.2</u>	<u>23.9</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	28.2	23.9
Shareholders' funds		<u>28.2</u>	<u>23.9</u>

These financial statements were approved by the Directors on 20 September 2011 and signed on their behalf by



Vincent Donnelly, Director

Company Registered No 5146257

SSE Freight Limited

Reconciliation of Movements in Shareholders' Funds as at 31 March 2011

	2011 £m	2010 £m
Profit for the financial year	4.3	3.7
Net addition to shareholders' funds	4.3	3.7
Opening shareholders' funds	23.9	20.2
Closing shareholders' funds	28.2	23.9

SSE Freight Limited

Notes on the Financial statements for the year to 31 March 2011

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.

SSE Freight Limited is a wholly owned subsidiary of Scottish and Southern energy Plc, and therefore relies upon group facilities to support its activities. The group's facilities and the rationale for preparing the group financial statements under the going concern basis are disclosed in full in the annual report and accounts of Scottish and Southern energy Plc. For this reason the going concern basis has been adopted in preparing the financial statements of SSE Freight Limited.

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 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 (2010 - £nil). There were no staff employed during the year (2010 - none). The Company incurred an audit fee of £2,862 in the year (2010 - £2,500).

4. Net interest receivable

	2011 £m	2010 £m
Interest receivable		
From group undertakings	0.1	0.1

SSE Freight Limited

Notes on the Financial statements for the year to 31 March 2011

5. Taxation

	2011 £m	2010 £m
Current tax		
United Kingdom corporation tax charge	1.6	1.5

There is no difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax 28%, (2010 – 28%) to the profit/(loss) before tax

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first change from 28% to 27% was substantially enacted in July 2010 and applies from 1 April 2011. The March 2011 Budget accelerated reduced the tax rate from 1 April 2011 further to 26%. This was substantively enacted on 29 March 2011. These changes will reduce the company's future current tax charge accordingly. 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 23% during the next three 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.

6. Debtors

	2011 £m	2010 £m
Amounts falling due within one year		
Amounts owed by parent company	30.3	26.6
	<u>30.3</u>	<u>26.6</u>

7 Creditors amounts falling due within one year

	2011 £m	2010 £m
Amounts owed to parent company	0.5	2.0
Corporation tax	1.6	0.5
Other creditors	-	0.2
	<u>2.1</u>	<u>2.7</u>

8. Share capital

The authorised and called up share capital was

	2011 £	2010 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1

9. Reserves

	Profit and loss account £m
As at 31 March 2010	23.9
Profit for the financial year	4.3
As at 31 March 2011	<u>28.2</u>

SSE Freight Limited

Notes on the Financial statements for the year to 31 March 2011

10. 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 financial statements of the group (which include those of the Company) are available from Corporate Communications, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.