

# Abernedd Power Company Limited

Directors report and financial statements

Year ended 31 March 2016

*Registered No.: 6383166*

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# Abernedd Power Company Limited

## Contents

	Page No.
Directors and other information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	5
Independent auditor's report to the members	6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes on the financial statements	10

# Abernedd Power Company Limited

## Directors and Other Information

### Director

Alasdair MacSween  
Rhys Stanwix  
Paul Smith (Resigned 31 May 2016)

### Registered office

55 Vastern Road  
Reading  
Berkshire  
RG1 8BU

### Secretary

Sally Fairbairn

### Auditor

KPMG LLP  
Chartered Accountants  
319 St Vincent Street  
Glasgow  
G2 5AS

### Registered number

6383166

# Abernedd Power Company Limited

## Strategic Report

The directors submit their report and audited financial statements of the company for the year ended 31 March 2016.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Abernedd Power Company Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Abernedd Power Company Limited (the "Company") during the year ended 31 March 2016, as well as those matters which are likely to affect its future development and performance.

### 1 Business review

The profit and loss account for the year ended 31 March 2016 is set out on page 7. The loss for the year after taxation amounted to £2.0m (2015: loss of £15.9m). The balance sheet at 31 March 2016 is set out on page 8 and indicates net liabilities of £19.6m (2015: net liabilities of £17.6m).

Abernedd Power Company Limited owns rights associated with the construction and operation of a proposed gas fired power plant. Abernedd entered a bid into the capacity auction in December 2014 but was unsuccessful.

Following a review by the directors of the likely development of a power plant on site, a provision was created in the prior year in relation to grid connection costs that will be incurred if the site is not developed further. In the year an exceptional charge of £1.5m was incurred (2015: £18.0m) to increase the value of the provision in line with expected future costs.

Despite experiencing challenges in recent years, and despite expected longer-term changes in the way electricity is generated and used, it is still anticipated that gas-fired power stations will eventually play an increasingly important role in electricity generation. As a result, SSE will continue to maintain an option for a power station. It will not, however, make any significant additional commitments to the project unless it is entered into and is successful in the Capacity Market auction process.

### 2 Key performance indicators

The Directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the company is performing.

Financial / Operational	2016	2015
Operating loss - £m	(1.5)	(18.4)
Net liabilities - £m	(19.6)	(17.6)

On behalf of the board



Rhys Stanwix  
Director  
30 September 2016

# Abernedd Power Company Limited

## Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

### 1 Principal activities

Abernedd Power Company Limited owns rights associated with the construction and operation of a proposed gas fired power plant. The company was established to develop, construct and eventually operate a proposed gas-fired power plant at its site in South Wales.

The company's immediate parent company is SSE Generation Limited. The company is a wholly owned subsidiary of SSE plc.

### 2 Principal risks and uncertainties

The main financial risks that the Company could face have been considered by the Directors and the Group's Risk and Trading Committee. The company is aware of the political uncertainty following the announcement of Brexit. This is being closely monitored by the company but is not considered to have a significant impact on the accounts for the year ended 31 March 2016.

The company is aware of the political uncertainty following the announcement of Brexit. This is being closely monitored by the company but is not considered to have a significant impact on the accounts for the year ended 31 March 2016.

### 3 Results and dividends

The loss for the financial year amounted to £2.0m (2015: loss of £15.9m). The Directors do not recommend the payment of a dividend (2015 - £nil).

### 4 Directors

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the company the directors are not required to retire by rotation.

### 5 Political and charitable donations

The company did not make any political or charitable donations during the year (2015: £nil).

### 6 Post balance sheet events

There have been no significant events since the balance sheet date.

### 7 Disclosure of information to 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### 8 Going concern

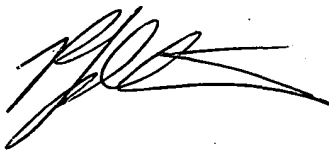
The directors have assessed that the company will prepare its financial statements on a going concern basis, see note 1 for details.

# Abernedd Power Company Limited

## Directors' Report (Continued)

### 9 Auditor

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:

Rhys Stanwix :

Director

25 September 2016

# Abernedd Power Company 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) including FRS101 Reduced Disclosure Framework.

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 year. In preparing these financial statements, 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 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:



Rhys Stanwix  
Director

30 September 2016

## Independent Auditor's Report to the Members of Abernedd Power Company Limited

We have audited the financial statements of Abernedd Power Company Limited for the year ended 31 March 2016 as set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

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 5, 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](http://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 2016 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.

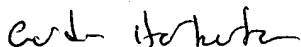
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.



**Gordon Herbertson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
319 St Vincent Street  
Glasgow  
G2 5AS

3 October 2016



# Abernedd Power Company Limited

## Profit and Loss Account for the year ended 31 March 2016

	Note	2016 £m	2015 £m
Administrative costs	2	-	(0.4)
Exceptional items	3	(1.5)	(18.0)
<b>Operating loss</b>	2	<b>(1.5)</b>	<b>(18.4)</b>
Interest payable and similar charges	5	(0.6)	(0.3)
<b>Loss on ordinary activities before taxation</b>		<b>(2.1)</b>	<b>(18.7)</b>
Tax on loss on ordinary activities	6	0.1	2.8
<b>Loss for the financial year</b>		<b>(2.0)</b>	<b>(15.9)</b>

### Continuing operations

The above results are derived from continuing activities.

The accompanying notes are an integral part of these financial statements.

### Total other comprehensive income

The company had no other comprehensive income in the current or prior financial years.

# Abernedd Power Company Limited

## Balance Sheet as at 31 March 2016

	Note	2016 £m	2015 £m
<b>Fixed assets</b>			
Tangible assets	7	<u>0.1</u>	<u>0.1</u>
		0.1	0.1
<b>Current assets</b>			
Debtors:			
amounts falling due within one year	8	<u>2.9</u>	<u>3.1</u>
<b>Total current assets</b>		2.9	3.1
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	9	<u>(0.7)</u>	<u>(0.6)</u>
<b>Net current assets</b>		2.2	2.5
<b>Total assets less current liabilities</b>		<u>2.3</u>	<u>2.6</u>
<b>Creditor:</b> amounts falling due after more than one year	10	(18.2)	(7.2)
Provisions for liabilities and charges	12	(3.7)	(13.0)
<b>Net liabilities</b>		<u>(19.6)</u>	<u>(17.6)</u>
<b>Capital and reserves</b>			
Called up share capital	13	0.2	0.2
Profit and loss account		(19.8)	(17.8)
<b>Equity Shareholders' deficit</b>		<u>(19.6)</u>	<u>(17.6)</u>

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Directors on 30 September 2016 and signed on their behalf by:



Rhys Stanwix  
Director

Company registered number: 6383166

# Abernedd Power Company Limited

## Statement of Changes in Equity for the year ended 31 March 2016

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2014	0.2	(1.9)	(1.7)
Profit for the financial year	-	(15.9)	(15.9)
Balance at 31 March 2015	0.2	(17.8)	(17.6)
Balance at 1 April 2015	0.2	(17.8)	(17.6)
Loss for the financial year	-	(2.0)	(2.0)
Balance at 31 March 2016	0.2	(19.8)	(19.6)

# Abernedd Power Company Limited

## Notes on the Financial statements for the year ended 31 March 2016

### 1 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### 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.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has transitioned its adopted accounting framework from UK Generally Accepted Accounting polciies (UK GAAP) to FRS 101, details on changes effecting the company are in note 15.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for tangible fixed assets
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosure:

- Certain disclosures required by *IFRS 13 Fair value measurement* and the disclosures required by *IFRS 7 Financial instrument* disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Taxation

The charge for taxation is based on the 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 tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

#### Going Concern

The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the company for the foreseeable future

The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting liabilities as they fall due for payment.

# Abernedd Power Company Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 1 Significant accounting policies *(continued)*

#### Tangible fixed assets

##### *Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly.

##### *Depreciation*

Depreciation is provided on tangible fixed assets to write off cost, less residual values, on a straight-line basis over their estimated operational lives. The estimated operational lives are as follows:

### 2 Expenses and auditor's remuneration

Operating loss is arrived at after charging/(crediting):

	2016 £m	2015 £m
Net management fees in respect of services provided by group companies	-	0.2

The audit fee in the year and the previous year was borne by the Parent company, £5,000 of this was in relation to the audit of Abernedd Power Company Limited (2015: £5,000).

### 3 Exceptional items

	2016 £m	2015 £m
Impairment of intangible asset	-	5.0
Restructuring Provision	1.5	13.0
	<u>1.5</u>	<u>18.0</u>

In the year an exceptional charge of £1.5m (2015: £13.0m) was recognised in relation to the provision for costs payable in relation to grid connection at Abernedd.

In the prior year an exceptional charge of £5.0m was recorded relating to the impairment of intangible assets.

### 4 Staff costs and numbers

No staff are directly employed by the Company and no director received remuneration in respect of their service to the Company.

# Abernedd Power Company Limited

## Notes on the Financial statements *(continued)*

for the year ended 31 March 2016

### 5 Interest payable and similar charges

	2016 £m	2015 £m
Interest payable to group companies	0.6	0.3
	<u>0.6</u>	<u>0.3</u>

### 6 Taxation

	2016 £m	2015 £m
UK corporation tax		
Current tax on income for the period	-	(0.1)
Adjustment in respect of prior periods	(0.1)	(0.1)
<b>Total current tax charge/(credit)</b>	<u>(0.1)</u>	<u>(0.2)</u>
Deferred tax (see note 11):		
Origination and reversal of timing differences	(0.3)	(2.7)
Change in applicable tax rate	0.3	0.1
<b>Total deferred tax</b>	<u>-</u>	<u>(2.6)</u>
<b>Total tax credit on loss on ordinary activities</b>	<u>(0.1)</u>	<u>(2.8)</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 loss before tax is as follows:

	2016 £m	2015 £m
Loss before taxation	<u>(2.1)</u>	<u>(18.7)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	(0.4)	(3.9)
Effects of:		
Expenses not deductible for tax purposes	0.1	-
IBA's permanent difference	-	1.0
Effect of rate change	-	0.1
Corporation tax adjustment in respect of previous periods	(0.1)	-
Deferred tax adjustment in respect of previous periods	-	(2.7)
Other items	0.3	2.7
<b>Total tax charge/(credit) for year</b>	<u>(0.1)</u>	<u>(2.8)</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. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2016 by £289K.

# Abernedd Power Company Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 7 Tangible fixed assets

	Assets under the course of construction (AUC) £m	Total £m
<b>Cost:</b>		
At 1 April 2015	0.1	0.1
At 31 March 2016	0.1	0.1
<b>Accumulated depreciation:</b>		
<b>Net book value:</b>		
At 31 March 2016	0.1	0.1
At 31 March 2015	0.1	0.1

### 8 Debtors

	2016 £m	2015 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	0.3	0.4
Deferred tax asset (note 11)	2.6	2.6
Corporation tax - group relief receivable	-	0.1
	2.9	3.1

### 9 Creditors: amounts falling due within one year

	2016 £m	2015 £m
Amounts owed to group undertakings	0.3	-
Other creditors	0.4	0.4
Accruals and deferred income	-	0.2
	0.7	0.6

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

	2016 £m	2015 £m
Amounts owed to group undertakings	18.2	7.2
	18.2	7.2

# Abernedd Power Company Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 11 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	£m	£m	£m	£m	£m	£m
Provisions	2.6	2.6	-	-	2.6	2.6
<b>Net tax assets</b>	<b>2.6</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>2.6</b>	<b>2.6</b>

#### *Movement in deferred tax during the year*

	1 April 2015	Recognised in income	Recognised in equity	31 March 2016
	£m	£m	£m	£m
Provisions	2.6	-	-	2.6
	2.6	-	-	2.6

#### *Movement in deferred tax during prior year*

	1 April 2014	Recognised in income	Recognised in equity	31 March 2015
	£m	£m	£m	£m
Provisions	(3.1)	5.7	-	2.6
	(3.1)	5.7	-	2.6

### 12 Provisions for liabilities and charges

	Restructuring £m	Total £m
At 1 April 2015	13.0	13.0
Arising during the year	1.5	1.5
Utilised during the year	(10.8)	(10.8)
<b>At 31 March 2016</b>	<b>3.7</b>	<b>3.7</b>

In the year, the provision was increased by £1.5m to cover the costs associated with removing the grid connection from the site.



# Abernedd Power Company Limited

## Notes on the Financial statements *(continued)* for the year ended 31 March 2016

### 13 Share capital

	2016 £m	2015 £m
Equity:		
Allotted, called up and fully paid:		
243,303 ordinary shares of £1.00 each	0.2	0.2
	<u>0.2</u>	<u>0.2</u>

### 14 Ultimate parent 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](http://www.sse.com).

### 15 Explanation of transition to FRS 101 from Adopted old UK GAAP

These are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2016

In preparing its FRS 101 balance sheet, no transitional adjustments were required.

The company held equity reserves of £11.4m as at 1 April 2014.