

**REGISTERED NO.**  
**165387**

**SSE Leasing Limited**

**Accounts for the year ended 31 March 2006**

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## **SSE Leasing Limited**

### **Report of the Directors**

The Directors present their report together with the audited Accounts for the year ended 31 March 2006

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

The Company's principal business is that of a leasing company

#### **2. Business Review**

The Company's main purpose is to enter into leasing arrangements associated with the electricity business of its parent company, Scottish and Southern Energy plc. The Directors do not anticipate any change in activities in the forthcoming period.

#### **3. Results and Dividends**

The profit for the financial year amounted to £106,962 (2005 £113,028 restated). The Directors do not recommend the payment of a dividend (2005 nil).

#### **4. Directors**

The Directors who served during the year were as follows:

Gregor Alexander  
Gavin Brydon

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

The interests of Gregor Alexander 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 Gavin Brydon in the shares of Scottish and Southern Energy plc are as follows:

	31 March 2006		1 April 2005	
	No. of shares beneficially held	No. of shares under option	No. of shares beneficially held	No. of shares under option
Gavin Brydon	479	6,415	410	5,644

#### **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.

ON BEHALF OF THE BOARD

  
Ailsa Gray  
Company Secretary  
8 January 2007

## **SSE Leasing 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

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 Leasing Limited**

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

We have audited the Accounts of SSE Leasing Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the Accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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 2006 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*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Edinburgh  
8 January 2007

## **SSE Leasing Limited**

### **Profit and Loss Account for the year ended 31 March 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 restated £</b>
Turnover		<b>254,544</b>	254,544
Administration costs		<b>(101,740)</b>	(93,619)
<b>Profit on ordinary activities before taxation</b>		<b>152,804</b>	160,925
Taxation on profit on ordinary activities	4	<b>(45,842)</b>	(47,897)
<b>Profit for the financial year</b>	10	<b>106,962</b>	113,028

The above results are derived from continuing activities

The accompanying notes are an integral part of these accounts

## SSE Leasing Limited

### Balance Sheet as at 31 March 2006

	Note	2006 £	2005 restated £
<b>Current assets</b>			
Debtors	5	3,390,279	3,417,297
<b>Creditors: amounts falling due within one year</b>	6	(153,198)	(153,206)
<b>Net current assets</b>		<u>3,237,081</u>	<u>3,264,091</u>
<b>Creditors: amounts falling due after more than one year</b>	7	(2,201,169)	(2,354,170)
<b>Provisions for liabilities and charges</b>			
Deferred tax	8	(357,110)	(338,081)
<b>Net assets</b>		<u>678,802</u>	<u>571,840</u>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	678,800	571,838
<b>Total shareholders' funds</b>		<u>678,802</u>	<u>571,840</u>

These Accounts were approved by the Directors on 8 January 2007 and signed on their behalf by



Gregor Alexander, Director

## **SSE Leasing Limited**

### **Statement of Total Recognised Gains and Losses for the year ended 31 March 2006**

	<b>2006 £</b>	<b>2005 restated £</b>
Profit for the financial year	<b>106,962</b>	<b>113,028</b>
<b>Total recognised gains and losses relating to the financial year</b>	<b>106,962</b>	<b>113,028</b>
Prior year adjustment (note 2)	<b>(70,703)</b>	
<b>Total gains and losses recognised since last annual report</b>	<b>36,259</b>	

### **Reconciliation of Movement in Shareholders' Funds as at 31 March 2006**

	<b>2006 £m</b>	<b>2005 restated £m</b>
Profit for the financial year	<b>106,962</b>	<b>113,028</b>
<b>Net addition to shareholders' funds</b>	<b>106,962</b>	<b>113,028</b>
Opening shareholders' funds	<b>571,840</b>	<b>458,812</b>
<b>Closing shareholders' funds</b>	<b>678,802</b>	<b>571,840</b>

The opening shareholders funds at 1 April 2005 were originally £642,543 before prior year adjustments of £70,703 (note 2)

## **SSE Leasing Limited**

### **Notes on the Accounts for the year ended 31 March 2006**

#### **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).

The company has adopted a number of new accounting policies or has amended previous policies as a result of new accounting standards becoming applicable. In particular, the impact and applicability of the following standards should be noted:

- The presentation aspects of FRS 25 *Financial Instruments: Disclosure and Presentation*,
- FRS 21 *Events after the Balance Sheet*,
- FRS 28 *Corresponding amounts*

The company has changed its application of FRS 19 *Deferred Taxation* by ceasing to measure the provision for deferred tax on a discounted basis.

##### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of lease finance to customers.

##### **Finance Leases**

Finance lease income is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. The total net investment in the finance leases included in the balance sheet represents total lease payments receivable net of finance lease income relating to future accounting periods.

##### **Taxation**

The charge for taxation is based on the profit 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.



## **SSE Leasing Limited**

### **Notes on the Accounts for the year ended 31 March 2006**

#### **2. Prior year adjustment**

The Company has changed the accounting policy on deferred tax to align it with the new group accounting policy. Previously, deferred tax was measured on a discounted basis. The change in accounting policy is to state deferred tax on an un-discounted basis. A prior year adjustment has been made in respect of this change in measurement basis, resulting in a decrease in the tax charge and an increase in the profit for 2005 of £3,593. The deferred tax liability at 31 March 2005 has increased by £70,703 with a consequent reduction in net assets of the same value at that date.

#### **Summary**

##### **Profit attributable to shareholders**

	2005 £
Change in the application of FRS 19	
Decreased tax charge	3,593
Total net profit increase	3,593
As previously reported	109,435
<b>As restated</b>	<b>113,028</b>

##### **Net assets as at**

	2005 £
Impact of change in application of FRS 19	
(Increase) in provision for deferred tax	(70,703)
(Decrease) in net assets	(70,703)
As previously reported	642,543
<b>As restated</b>	<b>571,840</b>

#### **3. Directors' and staff remuneration**

No Director received remuneration in respect of their service to the Company (2005 nil). There were no staff employed during the year (2005 nil).

# SSE Leasing Limited

## Notes on the Accounts for the year ended 31 March 2006

### 4. Taxation

	2006 £	2005 restated £
Current tax		
United Kingdom corporation tax	<u>26,813</u>	<u>9,932</u>
Deferred tax:		
Origination and reversal of timing differences	<u>19,029</u>	<u>37,965</u>
Total tax on profit on ordinary activities	<u>45,842</u>	<u>47,897</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

	2006 £	2005 restated £
Profit before tax	<u>152,804</u>	<u>160,925</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 30%)	<u>45,842</u>	<u>48,277</u>
Effect of		
Capital allowances in excess of depreciation	<u>(19,029)</u>	<u>(37,965)</u>
Effect of small companies rate		<u>(380)</u>
Current tax charge for year	<u>26,813</u>	<u>9,932</u>

### 5. Debtors

	2006 £	2005 £
Trade debtors amounts receivable under finance leases	<u>2,554,280</u>	<u>2,808,824</u>
Amounts owed by group undertakings	<u>780,951</u>	<u>544,777</u>
Corporation tax recoverable	<u>55,048</u>	<u>63,696</u>
	<u>3,390,279</u>	<u>3,417,297</u>

Trade debtors include lease rentals receivable outwith one year amounting to £2,299,736 (2005 £2,554,280) The cost of assets held for the purpose of letting under finance leases was £2,089,515 (2005 £2,089,515)

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

	2006 £	2005 £
Deferred income	<u>153,001</u>	<u>153,001</u>
Amounts owed to group undertakings	<u>197</u>	<u>205</u>
	<u>153,198</u>	<u>153,206</u>

# SSE Leasing Limited

## Notes on the Accounts for the year ended 31 March 2006

### 7. Creditors: amounts falling due after more than one year

	2006 £	2005 £
Deferred income	743,004	896,005
Amounts owed to group undertakings	1,458,165	1,458,165
	<u>2,201,169</u>	<u>2,354,170</u>

### 8. Deferred taxation

Deferred taxation is provided as follows

	2006 £	2005 restated £
Accelerated capital allowances	357,110	338,081
Provision for deferred tax	<u>357,110</u>	<u>338,081</u>
		<b>31 March 2006 £</b>
Provision at 31 March 2005 as previously stated		267,378
Prior year adjustment (note 2)		70,703
Provision at 31 March 2005 as restated		<u>338,081</u>
Transferred from / (to) profit and loss account		19,029
Provision at end of year		<u>357,110</u>

### 9. Share capital

	Number	£
Authorised		
At 1 April 2005 and 31 March 2006	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid.		
At 1 April 2005 and 31 March 2006	<u>2</u>	<u>2</u>

### 10. Profit and loss account

	£
Balance at 31 March 2005 as previously stated	642,541
Prior year adjustment (note 2)	(70,703)
Balance at 31 March 2005, restated	<u>571,838</u>
Profit for the year	106,962
Balance at 31 March 2006	<u>678,800</u>

### 11. Ultimate holding company

The Company is a subsidiary of Scottish and Southern Energy plc, a company registered in Scotland, whose consolidated accounts (which include those of the Company) are available from Corporate Communications, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ