

REGISTERED NO.
165387

SSE Leasing Limited

Accounts for the year ended 31 March 2007

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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 2007

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 £102,000 (2006 £107,000). The Directors do not recommend the payment of a dividend (2006 £nil).

4. Directors

The Directors who served during the year were as follows

Gregor Alexander
Gavin Brydon


5. Political and Charitable Donations

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

6. 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
18 September 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 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 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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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

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. 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 2007 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
18 September 2007

SSE Leasing Limited

Profit and Loss Account for the year ended 31 March 2007

| | Note | 2007 £000 | 2006 £000 |
|--|-------------|----------------------|----------------------|
| Turnover | | 255 | 255 |
| Administration costs | | (109) | (102) |
| Profit on ordinary activities before taxation | | 146 | 153 |
| Taxation on profit on ordinary activities | 3 | (44) | (46) |
| Profit for the financial year | 9 | 102 | 107 |

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 2007

| | Note | 2007 £000 | 2006 £000 |
|--|------|--------------|--------------|
| Current assets | | | |
| Debtors | 4 | 3,351 | 3,390 |
| Creditors: amounts falling due within one year | 5 | (147) | (153) |
| Net current assets | | <u>3,204</u> | <u>3,237</u> |
| Creditors: amounts falling due after more than one year | 6 | (2,061) | (2,201) |
| Provisions for liabilities and charges | | | |
| Deferred tax | 7 | (362) | (357) |
| Net assets | | <u>781</u> | <u>679</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | | |
| Profit and loss account | 9 | 781 | 679 |
| Equity shareholders' funds | | <u>781</u> | <u>679</u> |

These Accounts were approved by the Directors on 18 September 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 2007

| | 2007 | 2006 |
|---|-------------|-------------|
| | £000 | £000 |
| Profit for the financial year | 102 | 107 |
| Total recognised gains and losses relating to the financial year | 102 | 107 |
| Prior year adjustment | | (71) |
| Total gains and losses recognised since last annual report | | 36 |

Reconciliation of Movements in Shareholders' Funds as at 31 March 2007

| | 2007 | 2006 |
|--|-------------|-------------|
| | £000 | £000 |
| Profit for the financial year | 102 | 107 |
| Net addition to shareholders' funds | 102 | 107 |
| Opening shareholders' funds | 679 | 572 |
| Closing shareholders' funds | 781 | 679 |

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2007

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 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.

2. Directors' and staff remuneration

No Director received remuneration in respect of their service to the Company (2006 £nil). There were no staff employed during the year (2006 nil).

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2007

3. Taxation

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Current tax | | |
| United Kingdom corporation tax | 39 | 27 |
| Deferred tax | | |
| Origination and reversal of timing differences | 5 | 19 |
| Total tax on profit on ordinary activities | 44 | 46 |

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

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Profit before tax | 146 | 153 |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 30%) | 44 | 46 |
| Effect of | | |
| Capital allowances in excess of depreciation | (5) | (19) |
| Current tax charge for year | 39 | 27 |

4. Debtors

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Trade debtors amounts receivable under finance leases | 2,300 | 2,554 |
| Amounts owed by group undertakings | 1,006 | 781 |
| Corporation tax recoverable | 45 | 55 |
| | 3,351 | 3,390 |

Trade debtors include lease rentals receivable outwith one year amounting to £2,045,192 (2006 £2,299,736). The cost of assets held for the purpose of letting under finance leases was £2,089,515 (2006 £2,089,515)

5. Creditors: amounts falling due within one year

| | 2007 £000 | 2006 £000 |
|-----------------|--------------|--------------|
| Deferred income | 147 | 153 |

6. Creditors amounts falling due after more than one year

| | 2007 £000 | 2006 £000 |
|------------------------------------|--------------|--------------|
| Deferred income | 603 | 743 |
| Amounts owed to group undertakings | 1,458 | 1,458 |
| | 2,061 | 2,201 |

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2007

7. Deferred taxation

Deferred taxation is provided as follows

| | 2007 £000 | 2006 £000 |
|---|-----------------------------------|--------------|
| Accelerated capital allowances | 362 | 357 |
| Provision for deferred tax | 362 | 357 |
| | 31 March 2007 £000 | |
| Provision at start of the year | | 357 |
| Transferred from / (to) profit and loss account | | 5 |
| Provision at end of year | | 362 |

8. Share capital

| | Number | £ |
|------------------------------------|--------|-------|
| Authorised | | |
| At 1 April 2006 and 31 March 2007 | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| At 1 April 2006 and 31 March 2007 | 2 | 2 |

9. Profit and loss account

| | £000 |
|---------------------------------|------------|
| Balance at 31 March 2006 | 679 |
| Profit for the year | 102 |
| Balance at 31 March 2007 | 781 |

10. Post balance sheet event

It has been announced that the corporation tax rate applicable to the Company will change from 30% to 28% from 1 April 2008. There are also proposed changes to the tax treatment of industrial buildings allowances. The deferred tax liability has been calculated at 30%. Any timing differences which reverse before 1 April 2008 will be (charged) or relieved at 30% and any timing differences which exist at 1 April 2008 will reverse at 28%. The Company expects that there will be a credit to the Profit and Loss Account in the subsequent financial year in the region of £24,000.

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.