

REGISTERED NO.
165387

SSE Leasing Limited

Accounts for the year ended 31 March 2005

CONTENTS	Page No.
Report of the Directors	1
Directors' Responsibilities for Preparation of the Accounts	2
Independent Auditors' Report on the Accounts	3
Profit and Loss Account	4
Balance Sheet	5
Notes on the Accounts	6 - 10



SSE Leasing Limited

Report of the Directors

The Directors present their report together with the audited Accounts for the year ended 31 March 2005.

1. Principal Activities

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

2. Review of Developments and Future Prospects

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. Share Capital

The Company's authorised share capital is £1,000 divided into 1,000 ordinary shares of £1 each.

4. Results and Dividends

The retained profit for the financial year amounted to £109,435 (2004 - £77,740). The Directors do not recommend the payment of a dividend (2004 - nil). The retained profit has been transferred to reserves.

5. Directors

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

Gregor Alexander
Gavin Brydon


6. 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 2005		1 April 2004	
	No. of shares beneficially held	No. of shares under option	No. of shares beneficially held	No. of shares under option
Gavin Brydon	410	5,644	437	4,407

ON BEHALF OF THE BOARD


Ailsa Gray
Company Secretary
21 December 2005

SSE Leasing Limited

Directors' Responsibilities for Preparation of the Accounts

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the auditors' report on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the Accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The directors are required to use a going concern basis in preparing the Accounts unless this is inappropriate.

The directors consider that, in preparing the Accounts on pages 4 to 10, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the Accounts comply with the Companies Act 1985. They have a 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 on pages 4 to 10.

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 are responsible for preparing the directors' report and, as described on page 2, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the accounts have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if 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 transactions with the Company is not disclosed.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of affairs of the Company as at 31 March 2005 and of the profit for the year then ended and the accounts have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
21 December 2005

SSE Leasing Limited**Profit and Loss Account
for the year ended 31 March 2005**

	Note	2005 £	2004 £
Turnover		254,544	254,544
Administration costs		(93,619)	(85,938)
Profit before taxation		160,925	168,606
Taxation	3	(51,490)	(90,866)
Retained profit for the financial year	9	109,435	77,740

Other than the retained profit for the financial year, there are no other recognised gains or losses - such profit represents the movement in equity shareholders' funds.

SSE Leasing Limited**Balance Sheet as at 31 March 2005**

	Note	2005 £	2004 £
Current assets			
Debtors	4	3,417,297	3,526,102
Creditors: amounts falling due within one year	5	(153,206)	(260,002)
Net current assets		<u>3,264,091</u>	<u>3,266,100</u>
Creditors: amounts falling due after more than one year	6	(2,354,170)	(2,507,172)
Provisions for liabilities and charges			
Deferred tax	7	(267,378)	(225,820)
Net assets		<u>642,543</u>	<u>533,108</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	642,541	533,106
Equity shareholders' funds		<u>642,543</u>	<u>533,108</u>

These Accounts were approved by the Directors on 21 December 2005 and signed on their behalf by



Gregor Alexander, Director

SSE Leasing Limited**Notes on the Accounts
for the year ended 31 March 2005****1. Principal accounting policies****Basis of accounting**

The Accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below and have been applied consistently.

Under Financial Reporting Standard 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, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Scottish and Southern Energy 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.

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2005

1. Principal accounting policies (continued)

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.

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is expected that the underlying timing differences will reverse. The discount rates used reflect the post-tax yields to maturity that can be obtained on government bonds.

2. Directors', staff and auditors' remuneration

No Director received remuneration in respect of their service to the Company (2004 - nil).
There were no staff employed during the year (2004 - nil).

The Company incurred an audit fee of £205 in the year (2004 – nil).

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2005

3. Taxation

	2005 £	2004 £
Current tax:		
United Kingdom corporation tax	9,932	(11,624)
Deferred tax:		
Origination and reversal of timing differences	37,965	62,206
Movement in discount	3,593	(12,695)
Adjustments in respect of prior years	-	52,979
Total Deferred Tax	41,558	102,490
Total tax on profit on ordinary activities	51,490	90,866

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:

	2005 £	2004 £
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2004 - 30%)	48,277	50,582
Effects of:		
Capital allowances in excess of depreciation	(37,965)	(62,206)
Effect of small companies rate	(380)	-
Current tax charge/(credit) for year	9,932	(11,624)

4. Debtors

	2005 £	2004 £
Trade debtors - amounts receivable under finance leases	2,808,824	3,063,368
Amounts owed by group undertakings	544,777	393,240
Corporation tax recoverable	63,696	69,494
	3,417,297	3,526,102

Trade debtors include lease rentals receivable outwith one year amounting to £2,554,280 (2004 - £2,808,824). The cost of assets held for the purpose of letting under finance leases was £2,089,515 (2004 - £2,089,515).

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2005

5. Creditors: amounts falling due within one year

	2005 £	2004 £
Deferred income	153,001	161,129
Amounts owed to group undertakings	205	98,873
	<u>153,206</u>	<u>260,002</u>

6. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Deferred income	896,005	1,049,007
Amounts owed to group undertakings	1,458,165	1,458,165
	<u>2,354,170</u>	<u>2,507,172</u>

7. Deferred taxation

Deferred taxation is provided as follows:

	2005 £	2004 £
Accelerated capital allowances	338,081	300,116
Undiscounted provision for deferred tax	<u>338,081</u>	<u>300,116</u>
Discount	(70,703)	(74,296)
Discounted provision for deferred tax	<u>267,378</u>	<u>225,820</u>
Provision at the start of the year	225,820	123,330
Transferred from profit and loss account	41,558	102,490
Provision at the end of the year	<u>267,378</u>	<u>225,820</u>

8. Share capital

	Number	£
Authorised:		
At 1 April 2004 and 31 March 2005	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
At 1 April 2004 and 31 March 2005	<u>2</u>	<u>2</u>

SSE Leasing Limited

Notes on the Accounts for the year ended 31 March 2005

9. Profit and loss account

	£
Balance at 1 April 2004	533,106
Retained profit for the financial year	<u>109,435</u>
Balance at 31 March 2005	<u>642,541</u>

10. Ultimate holding company

The Company's ultimate holding company is Scottish and Southern Energy plc, a company registered in Scotland. Accounts of Scottish and Southern Energy plc are available from Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ.