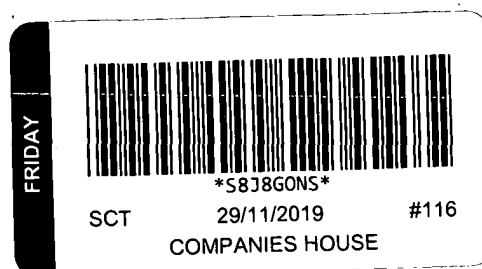


Scottish and Southern Energy Power Distribution Limited

Directors' report and financial statements

Year ended 31 March 2019

Registered No.: SC213459



Scottish and Southern Energy Power Distribution Limited

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Scottish and Southern Energy Power Distribution Limited

Directors and Other Information

Directors

Gregor Alexander (Chairman)
Alistair Borthwick (Appointed 07/09/2018; Resigned 28/06/2019)
Dale Cargill
Stuart Hogarth
Steven Kennedy (Resigned 07/09/2018)
Katherine Marshall
David Gardner (Resigned 31/01/2019)
Robert McDonald (Appointed 31/01/2019)
Rachel McEwen
Colin Nicol
David Rutherford (Non-Executive Director)
Gary Steel (Non-Executive Director)

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ
Scotland

Secretary

Mark McLaughlin

Auditor

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

Registered number

SC213459

Scottish and Southern Energy Power Distribution Limited

Strategic Report

The directors present their Strategic Report and audited financial statements of the Company for the year ended 31 March 2019.

1 Principal activities

The Company's principal business is to act as an investment holding company.

2 Strategic review

The Directors intend the Company to pursue its activity of holding investments. The Directors do not anticipate any further changes in activities in the forthcoming year.

3 Principal risks and uncertainties

The principal risk of the Company is that it would be unable to realise the value of its investments carried on the Company balance sheet. To mitigate the risk the Directors ensure careful selection of investments and monitor the performance and financial status of its investments on an ongoing basis. The Company's subsidiaries document their principal risks and uncertainties within their respective financial statements. The Company has in place processes to ensure that the Directors of the Company are fully aware of developments and issues affecting each of the Company's subsidiaries.

4 Business Review

The Company recorded a profit of £210.0m for the year (2018: £250.0m). The profit is comprised of dividends from the Company's subsidiaries. The Company had a net asset position of £428.4m (2018: £428.4m) paid a dividend during the year of £210.0m (2018: £250.0m).

Scottish and Southern Energy Power Distribution Limited acts as a holding company and therefore the Directors do not consider that there are any suitable key performance indicators that require specific disclosure within this report.

On behalf of the Board:



Gregor Alexander
Director
26 September 2019

Scottish and Southern Energy Power Distribution Limited

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2019.

1 Results and dividends

The profit for the financial year amounted to £210.0m (2018: £250.0m). Total dividends of £210.0m were declared, approved and paid in the year (2018: £250.0m).

2 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.

3 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.

In accordance with Section 489 of the Companies Act 2006, Ernst and Young LLP were appointed as SSE Group's External Auditor for the year ending 31 March 2020 at the Annual General Meeting held on 18 July 2019. Following their appointment as External Auditor of the Group, it is the intention of the Directors to appoint Ernst & Young LLP as External Auditor of the Company.

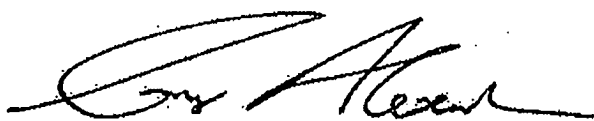
4 Brexit

The Directors are aware of the political uncertainty as a result of Brexit. This is being closely monitored by the Directors but, given the activities of the Company, is not expected to have a significant impact on the financial statements for the year ended 31 March 2020.

5 Going concern

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

On behalf of the Board:



Gregor Alexander
Director
26 September 2019

Scottish and Southern Energy Power Distribution Limited

Statement of Directors' responsibilities in respect of 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.

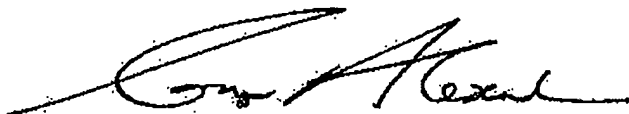
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure 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 its profit or loss of the Company for that period. In preparing the 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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:



Gregor Alexander

Director

26 September 2019

Independent Auditor's Report to the Members of Scottish and Southern Energy Power Distribution Limited

Opinion

We have audited the financial statements of SSE Trading Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

Independent Auditor's Report to the Members of Scottish and Southern Energy Power Distribution Limited (continued)

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

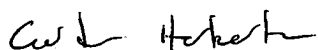
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

2 October

2019

Scottish and Southern Energy Power Distribution Limited

Profit and Loss Account for the year ended 31 March 2019

	Note	2019 £m	2018 £m
Dividend income from fixed asset investments		210.0	250.0
Profit before taxation		210.0	250.0
Tax on profit	3	-	-
Profit for the financial year		210.0	250.0

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.

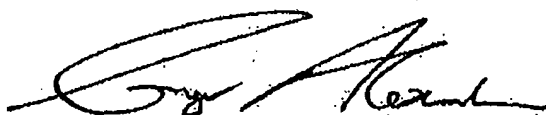
Scottish and Southern Energy Power Distribution Limited

Balance Sheet as at 31 March 2019

	Note	2019 £m	2018 £m
Fixed assets			
Fixed asset investments	5	<u>424.2</u>	<u>424.2</u>
Current assets			
Debtors:			
amounts falling due within one year	6	<u>4.2</u>	<u>4.2</u>
Net current assets		<u>4.2</u>	<u>4.2</u>
Net assets		<u>428.4</u>	<u>428.4</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account		<u>428.4</u>	<u>428.4</u>
Equity/Shareholders' funds		<u>428.4</u>	<u>428.4</u>

The accompanying notes form an integral part of this Balance Sheet.

These financial statements were approved by the Directors on 26 September 2019 and signed on their behalf by:



Gregor Alexander
Director
Company registered number: SC213459

Scottish and Southern Energy Power Distribution Limited

Statement of Changes in Equity for the year ended 31 March 2019

	Share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2017	-	428.4	428.4
Profit for the financial year	-	250.0	250.0
Dividends paid (note 4)	-	(250.0)	(250.0)
Balance at 31 March 2018	-	428.4	428.4
Balance at 1 April 2018	-	428.4	428.4
Profit for the financial year	-	210.0	210.0
Dividends paid (note 4)	-	(210.0)	(210.0)
Balance at 31 March 2019	-	428.4	428.4

Scottish and Southern Energy Power Distribution Limited

Notes on the Financial statements for the year ended 31 March 2019

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 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 have been taken.

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;
- The effect of new, but not yet effective, IFRSs; and
- Related party disclosures.

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

Going concern

The Directors have assessed that the Company has adequate resources to meet its liabilities as they fall due for a period of at least twelve months following the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Group accounts

At the end of the year the Company was a wholly owned subsidiary of SSE plc, a company incorporated in the United Kingdom. Accordingly, the preparation of group accounts is not required under Section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its Group.

New accounting policies and reporting changes

The adoption of IFRS 9 and IFRS 15, had no impact on the presentation of the financial statements for the year ended 31 March 2019.

Investments and income from fixed asset investments

Investments in subsidiaries are carried at cost and reviewed annually for impairment. Investment income comprises dividends received from the Company's investments in associated undertakings. Dividend distributions to the Company's shareholders are recognised in the financial statements as they are paid or if they have been approved by shareholders before the end of the financial period. Dividends approved by shareholders but unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Scottish and Southern Energy Power Distribution Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

1 Significant accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Directors remuneration

	2019 £m	2018 £m
Directors remuneration	4.0	4.2

The total remuneration received by the Directors for qualifying and non-qualifying services during the year was £4.0m (2018: £4.2m). 12 Directors (2018: 11) all (2018: all) of whom were remunerated via another Group company in the year. A value of services to the Company for these Directors cannot be determined, therefore the above value reflects the remuneration received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £1.2m (2018: £1.7m) and company pension contributions of £nil (2018: £nil) were made to a money purchase scheme on their behalf.

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	5	5

3 Taxation

	2019 £m	2018 £m
UK corporation tax		
Current tax on income for the period	-	-
Total current tax credit	-	-

Scottish and Southern Energy Power Distribution Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

3 Taxation *(continued)*

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:

	£m	£m
Profit before taxation	210.0	250.0
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	39.9	47.5
Effects of:		
Non-taxable income	(39.9)	(47.5)
Total tax for the year		

Legislation was enacted on 15 September 2016 to reduce the corporation tax rate to 17% from 1 April 2020. This will reduce the Company's future tax charge accordingly.

4 Dividends

	2019 £m	2018 £m
Amounts recognised as distributions from equity:		
Final dividend	210.0	250.0

5 Fixed asset investments

	Investment in subsidiary undertakings £m
Cost and Net Book Value	
At beginning and end of year	424.2

Details of the principal subsidiary, joint ventures, associates and other investments are as follows:

Subsidiary undertakings	Relation	Country of incorporation	Registered Address (key)	2019 % Holding	2018 % Holding	Principal activity
Direct:						
Scottish Hydro Electric Transmission plc	Subsidiary	Scotland	A	100.0	100.0	Electricity transmission
Scottish Hydro Electric Power Distribution plc	Subsidiary	Scotland	A	100.0	100.0	Distribution of electricity
Southern Electric Power Distribution plc	Subsidiary	England & Wales	B	100.0	100.0	Distribution of electricity

Scottish and Southern Energy Power Distribution Limited

Notes on the Financial statements *(continued)*
for the year ended 31 March 2019

5 Fixed asset investments *(continued)*

Subsidiary Undertakings	Relation	Country of Incorporation	Registered Address (key)	2019 % Holding	2018 % Holding	Principal activity
Indirect:						
ElectraLink Limited	Investment	England & Wales	G	13.68	13.68	Data Transfer Service Operator
Gemserv Limited	Investment	England & Wales	D	5.56	5.56	Market Design, Governance and Assurance Service Provider
DCUSA Limited	Investment	England & Wales	C	3.39	3.39	Billing Framework Operator
MRA Service Company Limited	Investment	England & Wales	D	0.84	0.89	Metering Point Administration Service Operator
Smart Energy Code Company Limited	Investment	England & Wales	D	0.72	0.78	Smart Metering Implementation Management

Registered Address Key

Address	Reference
Inverlorn House, 200 Dunkeld Road, Perth, PH1 3AQ	A
No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH	B
Northumberland House, 303 – 306 High Holborn, London, England WC1V 7JZ	C
8 Finchchurch Place, London, EC3M 4AJ	D

The Directors have reviewed the recoverability of the carrying value of the investment at 31 March 2019 and are satisfied that the carrying amount is not more than the recoverable amount.

6 Debtors

	2019 £m	2018 £m
Amounts falling due within one year:		
Amounts owed by group undertakings	4.2	4.2

7 Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

8 Expenses and auditor's remuneration

An audit fee of £0.01m (2018: £0.01m) was paid for by the Group on behalf of the Company.

Scottish and Southern Energy Power Distribution Limited

Notes on the Financial statements *(continued)*
for the year ended 31 March 2019

9 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, Inverlmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the company's website at www.sse.com.