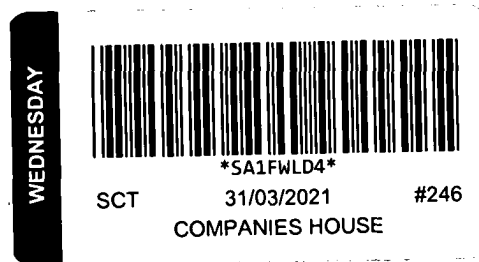


Registration number: SC259104

**SSE Toddleburn Limited**  
**Directors report and Financial Statements**  
**for the Year Ended 31 March 2020**

COMPANIES HOUSE  
**31 MAR 2021**  
EDINBURGH MAILBOX



## **SSE Toddleburn Limited**

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## **SSE Toddleburn Limited**

### **Company Information**

#### **Directors**

P Cooley

J Downes

E Harley

A Honeyman

B O'Regan

J Smith

J Williamson

#### **Company secretary**

B O'Connor (appointed 7/8/2019)

#### **Registered office**

Inveralmond House,  
200 Dunkeld Road,  
Perth  
PH1 3AQ

#### **Auditors**

Ernst & Young LLP  
G1 Building  
5 George Square  
Glasgow  
G2 1DY

#### **Bankers**

National Westminster Bank  
13 Market Place  
Reading  
RG1 2EG

#### **Registered number**

SC259104

## **SSE Toddleburn Limited**

### **Directors' Report for the Year Ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The directors have taken exemption under this regime not to disclose the strategic report.

#### **Directors' of the company**

The directors, who held office during the year, were as follows:

P Cooley (appointed 13 February 2020)

J Downes (appointed 13 February 2020)

E Harley (appointed 13 February 2020)

A Honeyman (appointed 13 February 2020)

F McCutcheon (resigned 31 December 2020)

B O'Regan (appointed 13 February 2020)

J Smith

J Williamson

#### **Principal activity**

The principal activity of the company is the generation of electricity from its 27.6MW windfarm in Scotland. All sales of electricity are made to a fellow Group company, SSE EPM Limited.

#### **Dividends**

During the year a dividend of £9.4m was declared, approved and paid by the Company (2019: £Nil).

#### **Donations**

During the year the Company made no political or charitable donations (2019: Nil).

#### **Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

#### **Assessing the impact of coronavirus**

The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the timing of the outbreak relative to the Company's year end date, the impact on the results for the year ended 31

March 2020 is limited. Due to the operations of the Company, the impact of the virus on future periods is also expected to be limited. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

## **SSE Toddleburn Limited**

### **Directors' Report for the Year Ended 31 March 2020 (continued)**

#### **Brexit**

The directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, the impact of Brexit is expected to be minimal.


#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 30 March 2021 and signed on its behalf by:

  
Barry O'Regan (Mar 30, 2021 07:50 GMT+1)

Barry O'Regan, Director

## **SSE Toddleburn Limited**

### **Statement of Directors' Responsibilities**


The directors acknowledge their responsibilities for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 30 March 2021 and signed on its behalf by:

  
Barry O'Regan (Mar 30, 2021 07:50 GMT+1)

Barry O'Regan, Director

## **Independent Auditor's Report to the Members of SSE Toddleburn Limited**

### **Opinion**

We have audited the financial statements of SSE Toddleburn Limited (the 'Company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter - effects of Covid-19**

We draw attention to the Directors' report in the financial statements, which describes the economic and social disruption the Company is facing as a result of the coronavirus pandemic. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



## **Independent Auditor's Report to the Members of SSE Toddleburn Limited (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent Auditor's Report to the Members of SSE Toddleburn Limited (continued)**

### **Use of our report**

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.

*Ernst & Young LLP.*

Annie Graham (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor

G1 Building  
5 George Square  
Glasgow  
G2 1DY

30 March 2021

## SSE Toddleburn Limited

### Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £ m	2019 £ m
Turnover	3	6.4	7.0
Cost of sales		(4.3)	(4.0)
Gross profit		2.1	3.0
Other operating income		0.3	0.4
Operating profit	4	2.4	3.4
Interest payable and similar expenses	6	(0.6)	(0.7)
Profit before tax		1.8	2.7
Tax on profit	8	(0.7)	(0.5)
Profit for the year		1.1	2.2

The above results were derived from continuing operations.

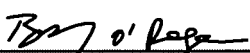
The company had no other comprehensive income in the current or prior financial years

# SSE Toddleburn Limited

(Registration number: SC259104)  
Balance Sheet as at 31 March 2020

	Note	31 March 2020 £ m	31 March 2019 £ m
<b>Fixed assets</b>			
Tangible assets	9	26.3	26.6
<b>Current assets</b>			
Debtors	11	1.0	1.0
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(1.0)	(1.4)
<b>Net current liabilities</b>		-	(0.4)
<b>Total assets less current liabilities</b>		26.3	26.2
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to related parties	12	(18.0)	(11.3)
Long term lease liabilities	13	(1.4)	-
Deferred tax liabilities	8	(3.1)	(2.9)
<b>Provisions for liabilities</b>	14,	(2.6)	(2.3)
<b>Net assets</b>		1.2	9.7
<b>Capital and reserves</b>			
Profit and loss account		1.2	9.7
Shareholders' funds		1.2	9.7

Approved by the Board on 30 March 2021 and signed on its behalf by:

  
Barry O'Regan (Mar 30, 2021 07:50 GMT+1)

Barry O'Regan, Director

# SSE Toddleburn Limited

## Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2018	-	7.5	7.5
Profit for the year	-	2.2	2.2
Total comprehensive income	-	2.2	2.2
At 31 March 2019	-	9.7	9.7
	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2019	-	9.7	9.7
Adoption of IFRS 16	-	(0.2)	(0.2)
At 1 April 2019 (As restated)	-	9.5	9.5
Profit for the year	-	1.1	1.1
Total comprehensive income	-	1.1	1.1
Dividends	-	(9.4)	(9.4)
At 31 March 2020	-	1.2	1.2

## **SSE Toddleburn Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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, 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.

##### **Summary of disclosure exemptions**

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 required by IAS 7;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1; and
- Related party disclosures required by IAS 24.

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

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

## **SSE Toddleburn Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

##### **Changes in accounting policy**

##### **New standards, interpretations and amendments effective**

The accounting policies are consistent with those of the prior year except for the following new standards which became effective for the period beginning on 1 April 2019.

##### ***IFRS 16 "Leases"***

##### **Changes resulting from adoption of IFRS 16**

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 April 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value, though there were none of these identified.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

## **SSE Toddleburn Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application
- An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments

None of the other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

None of the other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

Where the interest rate implicit in the lease is not readily determinable, the Company has applied the intercompany borrowing rate which is based on SSE plc's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

On transition to IFRS 16, the Company recognised £1.2m of additional right of use assets (presented within property, plant and equipment), £1.5m of additional lease liabilities and a reduction in deferred tax liabilities of £0.1m. This resulted in a net adjustment to opening reserves of £0.2m.

	<b>£ m</b>
Operating lease commitments at 31 March 2019	2.3
Discount effect	<u>(0.8)</u>
Additional lease liability recognised on 1 April 2019	<u>1.5</u>



## **SSE Toddleburn Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

###### *Electricity generation*

Revenue from the physical generation of electricity is recognised “point in time” as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for “own use” designation.

###### *Contracted services*

Revenue from national support schemes, such as Renewable Obligation Certificates, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

##### **Finance income and costs policy**

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method.

Interest on the funding attributable to major capital projects is capitalised during the period of construction and depreciated as part of the total cost over the useful life of the asset.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Tangible assets**

###### *Owned assets*

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 2 Accounting policies (continued)

##### *Right of use assets*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets less any residual value, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Years</b>
Onshore wind farm	25
Decommissioning asset	25
Land (right of use asset)	Period of lease

##### **Impairment**

The carrying amount of the company's PP&E is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For PP&E assets that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell (FVLCS) and the value-in-use (VIU) of the asset.

If the carrying amount of the asset exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the asset significantly exceeds the carrying amount.

Value in use (VIU) calculations require the estimation of future cash flows to be derived from the respective assets and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of PP&E assets. The methodology is based on the pre-tax cash flows arising from the specific assets or underlying assets, and discounted using a pre-tax discount rate based on the company's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets or underlying assets, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

## **SSE Toddleburn Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade debtors**

Trade debtors are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Decommissioning**

The estimated cost of decommissioning at the end of the useful lives of operating windfarms reviewed periodically. Provision is made for the net present value of the estimated cost of decommissioning at the end of the useful life of the assets. The estimates are based on technology and prices at the balance sheet date and excludes any salvage value related to those assets. A corresponding decommissioning asset, including any residual scrap proceeds expected, is recognised and is included within property, plant and equipment when the provision gives access to future economic benefits. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset.

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 2 Accounting policies (continued)

##### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### 3 Revenue

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 £ m	2019 £ m
Power purchase agreement (PPA) revenue	2.5	3.5
Renewable obligation certificate (ROC) revenue	3.9	3.5
	6.4	7.0

All revenue is recognised at a point in time as the electricity is generated.

#### 4 Operating profit

Arrived at after charging

	2020 £ m	2019 £ m
Depreciation expense	1.7	1.6
Operating lease expense	-	0.2

#### 5 Directors' remuneration

No staff or directors are directly employed by the Company.

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £1.6m (2019: £1.1m). The above value is for 8 directors (2019: 2), who 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 remunerations 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 £1.0m (2019: £0.8m) including company pension contributions of £0.1m (2019: £0.1m) which were made to a money purchase scheme on their behalf.

#### 6 Interest payable and similar expenses

	2020 £ m	2019 £ m
Interest payable to Group companies	0.5	0.7
Lease obligations - unwind of discount rate	0.1	-
	0.6	0.7

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 7 Auditors' remuneration

The Company incurred an audit fee of £23,985 in the year (2019: £8,200). The fee in both the current and previous year was borne by another Group company.

#### 8 Income tax

Tax charged/(credited) in the profit and loss account

	2020 £ m	2019 £ m
<b>Current taxation</b>		
UK corporation tax	0.4	0.5
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	0.3	-
Tax expense in the profit and loss account	0.7	0.5

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ m	2019 £ m
Profit before tax	1.8	2.7
Corporation tax at standard rate of 19% (2019: 19%)	0.3	0.5
Deferred tax expense relating to changes in tax rates or laws	0.3	-
Other tax effects for reconciliation between accounting profit and tax expense	0.1	-
Total tax charge	0.7	0.5

#### Deferred tax

Deferred tax movement during the year:

	At 1 April 2019 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2020 £ m
Tangible fixed assets	(2.9)	(0.4)	0.1	(3.2)
Provisions	-	0.1	-	0.1
Net tax assets/(liabilities)	(2.9)	(0.3)	0.1	(3.1)

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 8 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 April 2018 £ m	At 31 March 2019 £ m
Tangible fixed assets	(2.9)	(2.9)
Provisions	-	-
Net tax assets/(liabilities)	<u>(2.9)</u>	<u>(2.9)</u>

The UK Budget 2021 announcement on 3 March 2021, subsequent to the balance sheet date, included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax charge of £1.0m.

#### 9 Tangible assets

	Land and buildings £ m	Decommissioning assets £ m	Renewable Generation £ m	Total £ m
<b>Cost or valuation</b>				
At 1 April 2019	1.2	2.2	39.9	43.3
Additions	-	0.2	-	0.2
At 31 March 2020	<u>1.2</u>	<u>2.4</u>	<u>39.9</u>	<u>43.5</u>
<b>Depreciation</b>				
At 1 April 2019	-	0.2	15.3	15.5
Charge for the year	0.1	0.1	1.5	1.7
At 31 March 2020	<u>0.1</u>	<u>0.3</u>	<u>16.8</u>	<u>17.2</u>
<b>Carrying amount</b>				
At 31 March 2020	<u>1.1</u>	<u>2.1</u>	<u>23.1</u>	<u>26.3</u>
At 31 March 2019	<u>-</u>	<u>2.0</u>	<u>24.6</u>	<u>26.6</u>

The cost at 1 April 2019 has been revised following adoption of IFRS 16, with additional Right of Use assets of £1.2m being recognised.

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 10 Right of use assets

Included within property, plant and equipment (note 9) are the following right of use assets:

	Land and buildings £ m
<b>Cost or valuation</b>	
At 1 April 2019	1.2
At 31 March 2020	1.2
<b>Depreciation</b>	
Charge for the year	0.1
At 31 March 2020	0.1
<b>Carrying amount</b>	
At 31 March 2020	1.1

#### 11 Trade and other debtors

	31 March 2020 £ m	31 March 2019 £ m
Debtors from related parties	0.6	0.8
Prepayments	0.4	0.1
Other debtors	-	0.1
	1.0	1.0

#### 12 Creditors

*Amounts falling due within one year*

	31 March 2020 £ m	31 March 2019 £ m
Trade creditors	0.2	-
Accrued expenses	0.2	-
Amounts due to related parties	0.1	0.8
Income tax liability	0.4	0.6
Current portion of long term lease liabilities	0.1	-
	1.0	1.4

## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 12 Creditors (continued)

*Amounts falling due after more than one year*

	31 March 2020 £ m	31 March 2019 £ m
Amounts due to related parties	18.0	11.3

The amounts owed to related parties falling due after more than one year are in respect of amounts advanced to the company by its ultimate parent SSE plc. Interest is charged at 5.06% (2019: 4.98%). There is no fixed repayment term for the amounts disclosed as owed to related parties and it has been confirmed by SSE plc that the amounts will not be called upon within the next twelve months.

#### 13 Leases

##### Leases included in creditors

	31 March 2020 £ m	31 March 2019 £ m
Current portion of long term lease liabilities	0.1	-
Long term lease liabilities	1.4	-

##### Lease liability maturity analysis

	31 March 2020 £ m	31 March 2019 £ m
Within one year	0.1	-
Between one and five years	0.5	-
After five years	1.5	-
Less: future finance charge	(0.6)	-
Present value of lease obligations	1.5	-

#### 14 Other provisions

	Decommissioning £ m
At 1 April 2019	2.3
Increase (decrease) in existing provisions	0.2
Increase (decrease) due to passage of time or unwinding of discount	0.1
At 31 March 2020	2.6
Non-current liabilities	2.6



## SSE Toddleburn Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 14 Other provisions (continued)

##### *Decommissioning provision*

In accordance with the company's accounting policy a provision has been made for the decommissioning of the company's wind farms / power stations / power generation assets. A discount rate of 0.8% (2019: 1.7%) has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable in the profit and loss account.

An increase/decrease of £0.2m was recognised in the year following a review of the estimated timing and quantum of costs associated with the company's assets.

##### *Sensitivity analysis*

The key assumptions made when calculating the decommissioning provision centre around cost estimate and discount rate applied:

An increase of 1% in the discount rate would result in a decrease to the provision of £0.4m

A decrease of 0.8% in the discount rate would result in an increase to the provision of £0.3m

An increase of 10% in the cost estimate for decommissioning would result in an increase to the provision of £0.4m and a corresponding adjustment to the decommissioning assets.

A decrease of 10% in the cost estimate for decommissioning would result in a decrease to the provision of £0.1m and a corresponding adjustment to the decommissioning assets.

#### 15 Share capital

	31 March 2020 £	31 March 2019 £
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	100.0	100.0

#### 16 Dividends

During the year a dividend of £9.4m was declared, approved and paid by the Company (2019: £Nil).

#### 17 Parent and ultimate parent undertaking

##### **Relationship between entity and parents**

The company's immediate parent is SSE Renewables Onshore Windfarm Holdings Limited, registered in Northern Ireland. The parent of the largest group in which these financial statements are consolidated is SSE plc, incorporated in Scotland. The consolidated financial statements of the Group (which include the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the parent company's website at [www.sse.com](http://www.sse.com).