

SSE Metering Limited

Directors report and financial statements

Year ended 31 March 2018

Registered No.: SC318950

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SSE Metering Limited

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SSE Metering Limited

Directors and Other Information

Directors

Christopher Adams
William Morris (Resigned 29 September 2017)
Anthony Keeling (Appointed 29 September 2017)
Stephen Forbes (Appointed 29 September 2017)

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Secretary

Peter Lawns

Auditor

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

Registered number

SC318950

SSE Metering Limited

Strategic Report

The directors submit their report and audited financial statements of SSE Metering Limited (the "Company") for the year ended 31 March 2018.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of SSE Metering Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of SSE Metering Limited (the "Company") during the year ended 31 March 2018, as well as those matters which are likely to affect its future development and performance.

1 Business review

The Company provides services to most electricity suppliers with customers in central southern England and the north of Scotland. It undertakes meter reading operations and meter operator work in all other parts of Great Britain. It supplies, installs and maintains domestic meters and carries out metering work in the commercial, industrial and generation sectors. It also offers data collection services to the domestic and SME sectors.

SSE Metering Limited is supporting the Smart meter rollout for SSE, providing Smart Meter Operatives services to SSE's Retail Supply business. The delivery of Smart in a safe and effective manner is a key focus area of the business.

The profit and loss account for the year ended 31 March 2018 is set out on page 9. The profit for the year after taxation amounted to £9.3m (2017: profit of £6.2m). The balance sheet at 31 March 2018 is set out on page 10 and indicates net assets of £73.1m (2017: net assets of £62.7m).

2 Key performance indicators

The Directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the company is performing.

Financial	2018	2017
Turnover - £m	178.2	140.9
Gross profit - £m	24.2	30.9
Operating profit - £m	10.1	5.4
Net assets - £m	73.1	62.7

3 Post Balance Sheet events

In its full-year results statement for 2016/17, the Company's parent, SSE plc ('SSE'), stated that the rapidly evolving and increasingly competitive market for the supply of energy and related services presents a number of challenges for traditional energy supply business models and they must evolve and adapt in order to be sustainable in the medium to longer term.

On 8 November 2017, SSE announced that following discussions with Innogy SE ('Innogy'), it had identified an opportunity – subject to the necessary regulatory and shareholder approvals – to combine its household energy and services business in GB with that of Innogy's subsidiary, npower, to create a new, independent company to be listed on the London Stock Exchange. Both SSE and Innogy believe the planned transaction has potential to drive real benefits for customers, employees, shareholders and the wider energy market by combining the expertise and resources of two established providers with the focus and agility of an independent supplier in what would be a unique model in the market. With its own dedicated Board and expert management team, the new company would be well positioned to respond to changing customer and stakeholder expectations by becoming more efficient, agile and innovative.

On 1 April 2018, the Group undertook a reorganisation of the existing combined domestic and business energy supply businesses to create a new GB domestic energy supply and services sub-group headed by a newly formed and wholly owned subsidiary, SSE Energy Services Group Limited, in advance of the proposed demerger from SSE plc to SSE Energy Services Group Limited. On 19 July 2018, the shareholders of SSE plc approved the proposed demerger. The demerger remains subject to regulatory approval. There were no other changes affecting SSE Metering Limited.

SSE Metering Limited

Strategic Report (*continued*)

4 Principal risks and uncertainties

The key risks and uncertainties for the SSE Metering Limited business are set out on page 4.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Chris Adams', written in a cursive style.

Christopher Adams
Director
8 October 2018

SSE Metering Limited

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Reporting requirements on the Company's business review and its key performance indicators can be found in the Strategic Report on page 2.

1 Principal activities

At 31 March 2018, SSE Metering Limited is a private company limited by its shares and the company was a wholly owned subsidiary of SSE plc and part of SSE plc Group ('Group').

SSE's Metering provides services to most electricity suppliers with customers in central southern England and the north of Scotland. It undertakes meter reading operations and meter operator work in all other parts of Great Britain. It supplies, installs and maintains domestic meters and carries out metering work in the commercial, industrial and generation sectors. It also offers data collection services to the domestic and SME sectors.

2 Principal risks and uncertainties

The directors acknowledge that they have responsibility for the company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the company. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the company's business and to the relative costs and benefits of implementing specific controls.

Control is maintained through an organisational structure with clearly defined responsibilities, authority levels and lines of reporting; the appointment of suitably qualified staff in specialised business areas; and continuing investment in quality information systems. These methods of control are subject to periodic review as to their implementation and continued suitability.

The key risk for the SSE Metering Ltd business is ensuring that SSE meets its binding obligations for OFGEM's 2020 roll out of SMART Meters. Delivering SMART in a safe, cost-effective and customer centric way is one of SSE Metering's key strategic priorities going forward.

SSE Metering Ltd is aware of the political uncertainty following the announcement of Brexit. This is being closely monitored by the Company, but is not considered to have a significant impact on the accounts for the year ended 31 March 2018.

3 Results and dividends

The profit for the financial year amounted to £9.3m (2017: *profit of £6.2m*).

The directors do not recommend the payment of a dividend (2017: *£nil*).

4 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.

5 Political and charitable donations

The company did not make any political or charitable donations during the year (2017: *£nil*).

SSE Metering Limited

Directors' Report (*continued*)

6 Post balance sheet events

On 1 April 2018, the Group undertook a reorganisation of the existing combined domestic and business energy supply businesses to create a new GB domestic energy supply and services sub-group headed by a newly formed and wholly owned subsidiary, SSE Energy Services Group Limited, in advance of the proposed demerger from SSE plc to SSE Energy Services Group Limited. On 19 July 2018, the shareholders of SSE plc approved the proposed demerger. The demerger remains subject to regulatory approval. There were no other changes affecting SSE Metering Limited.

7 Disclosure of information to 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.

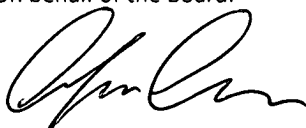
8 Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

9 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:



Christopher Adams
Director
8 October 2018

SSE Metering Limited

Statement of directors' responsibilities in respect of the Strategic report, 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 FRS101 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 the profit or loss of the company for that year. In preparing these 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 the 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.

Independent Auditor's Report to the Members of SSE Metering Limited

Opinion

We have audited the financial statements of SSE Metering Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and loss account, Balance sheet and 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 2018 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

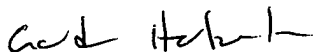
Auditor's responsibilities

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

9 October 2018

SSE Metering Limited

Profit and Loss Account for the year ended 31 March 2018

	Note	2018 £m	2017 £m
Turnover		178.2	140.9
Cost of sales		(154.0)	(110.0)
Gross profit		24.2	30.9
Administrative costs		(14.1)	(18.3)
Exceptional items	2	-	(7.2)
Operating profit		10.1	5.4
Interest receivable and similar income	4	-	3.5
Interest payable and similar charges	5	(0.9)	(2.1)
Profit before taxation		9.2	6.8
Tax on profit	6	0.1	(0.6)
Profit for the financial year		9.3	6.2

Continuing operations

The above results are derived from continuing activities.

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.

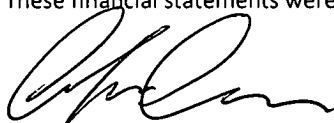
SSE Metering Limited

Balance Sheet as at 31 March 2018

	Note	2018 £m	2017 £m
Fixed assets			
Tangible assets	7	92.6	95.6
		<u>92.6</u>	<u>95.6</u>
Current assets			
Debtors:			
amounts falling due within one year	8	21.3	30.3
Total current assets		<u>21.3</u>	<u>30.3</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(21.5)	(24.5)
		<u>(0.2)</u>	<u>5.8</u>
Net current (liabilities)/assets			
		<u>92.4</u>	<u>101.4</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	10	(13.1)	(32.3)
Deferred taxation	11	(6.2)	(6.4)
Net assets		<u>73.1</u>	<u>62.7</u>
Capital and reserves			
Profit and loss account		73.1	62.7
Equity Shareholders' funds		<u>73.1</u>	<u>62.7</u>

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Directors on 8 October 2018 and signed on their behalf by:



Christopher Adams
Director

Company registered number: SC318950

SSE Metering Limited

Statement of Changes in Equity for the year ended 31 March 2018

	Profit and loss account £m	Total equity £m
Balance at 1 April 2016	55.7	55.7
Profit for the financial year	6.2	6.2
Credit in respect of employee share awards	0.8	0.8
Balance at 31 March 2017	62.7	62.7
Balance at 1 April 2017	62.7	62.7
Profit for the financial year	9.3	9.3
Credit in respect of employee share awards	1.1	1.1
Balance at 31 March 2018	73.1	73.1

SSE Metering Limited

Notes on the Financial statements for the year ended 31 March 2018

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 Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS101"). The amendments to FRS 101 (2016/17 Cycle) issued have been applied in July 2017. 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 has 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;
- Comparative period reconciliations for tangible fixed assets;
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

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

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

During the prior year, the Group and Company reviewed the presentation of information in the financial statements in order to improve the clarity, relevance and understandability of the statements. This review resulted in the removal of employee share based payments disclosures on the basis of materiality.

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 a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the Directors have considered future cash flows for a period of at least 12 months from the date of signing these accounts, taking into consideration the alternative scenarios under both the current group structure and the proposed demerger (see the Strategic report on page 2 for further details). The Financial Statements are therefore prepared on a going concern basis.

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

1 Significant accounting policies *(continued)*

Turnover

Turnover, stated net of value added tax, relates to meter reading and meter operator services income, in addition to the supply, installation and maintenance of meters in the UK.

The three main sources of turnover recognised by SSE Metering Ltd are:

- Installation Turnover – This is an internal source of turnover and is recognisable as a one off charge once a meter has been installed (on behalf of SSE Supply Ltd).
- Rental Turnover – This is an internal and external source of turnover. All meters on SSE's MAP are charged at a daily rental rate to the 3rd Party or SSE Supply Ltd.
- Meter Reading Turnover – This is internal turnover charged to SSE Supply Ltd and is recognised as an annualised charge per meter and covers the cost of SSE Metering Ltd reading the meter for the period.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

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.

Tangible fixed assets

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly.

Depreciation

Depreciation is provided on tangible fixed assets to write off cost, less residual values, on a straight-line basis over their estimated operational lives. The estimated operational lives are as follows:

	Years
Non-operational assets:	
Meter assets and miscellaneous equipment	4 to 25 years

Exceptional Items

Exceptional items are those charges or credits that are considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. The trigger points for exceptional items will tend to be non-recurring although exceptional charges may impact the same asset class or segment over time. Examples of items that may be considered exceptional include material asset or business impairment charges, business restructuring costs, significant gains or losses on disposal and contractual settlements following significant disputes and claims.

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £m	2017 £m
Depreciation of tangible fixed assets	13.2	11.1
Intercompany recharge from SSE Services - Vehicles	8.5	6.6
Exceptional charges	-	7.2

Exceptional items in the previous year relate to a review of the company's IT projects conducted in March 2017 which highlighted four SMART projects with no future operational value. These had a carrying value of £7.2m which was recognised as an exceptional charge during the prior year.

The audit fee in the year and the previous year was borne by SSE PLC, £8,200 of this was in relation to the audit of SSE Metering Limited (2017: £7,950).

3 Staff costs and numbers

	2018 £m	2017 £m
Staff costs:		
Wages and salaries	83.6	65.5
Social security costs	7.8	6.1
Share based remuneration	1.1	0.8
Contributions to defined contributions plans	10.3	8.3
	102.8	80.7
Less charged as capital expenditure	(1.6)	(11.2)
	101.2	69.5

Employee numbers

	2018 Number	2017 Number
Numbers employed at 31 March	2,935	2,547

	2018 Number	2017 Number
The monthly average number of people employed by the Company during the year	2,850	2,329

In accordance with FRS101, the Company's contributions to the Electricity Supply Pension Scheme (ESPS) have been treated as contributions to a defined contribution scheme.

	2018 £m	2017 £m
Directors remuneration	2.0	2.5
Amounts receivable under long term incentive schemes	0.6	0.2
	2.6	2.7

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

3 Staff costs and numbers *(continued)*

The above value is for one director paid wholly through the company (2017: one) and for three directors of the company who were remunerated via another group company during the year (2017: four). A value for allocation of services to the company for these directors cannot be determined therefore the above value reflects the remuneration they received for services to the group as a whole.

	2018 £m	2017 £m
In respect of the highest paid director	1.0	0.9

4 Interest receivable and similar income

	2018 £m	2017 £m
Interest capitalised	-	3.5
	-	3.5

5 Interest payable and similar charges

	2018 £m	2017 £m
Interest payable to group companies	0.9	2.1
	0.9	2.1

6 Taxation

	2018 £m	2017 £m
UK corporation tax		
Current tax on income for the period	1.7	1.7
Adjustment in respect of prior periods	(1.6)	(0.7)
Total current tax charge	0.1	1.0
Deferred tax (see note 11):		
Origination and reversal of temporary differences	(0.2)	(0.3)
Change in applicable tax rate	-	(0.3)
Adjustment in respect of prior periods	-	0.2
Total deferred tax	(0.2)	(0.4)
Total tax on profit	(0.1)	0.6

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

6 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:

	2018 £m	2017 £m
Profit before taxation	9.2	6.8
Tax on profit at standard UK corporation tax rate of 19% (2017: 20%)	1.7	1.4
Effects of:		
Expenses not deductible for tax purposes	0.1	-
Transfer pricing adjustment	(0.3)	-
Rate change	-	(0.3)
Corporation tax adjustment in respect of previous periods	(1.6)	(0.7)
Deferred tax adjustment in respect of previous periods	-	0.2
Total tax (credit)/charge for year	(0.1)	0.6

The standard rate of UK corporation tax changed from 20% to 19% with effect from 1 April 2017. An additional reduction to 17% will come into effect from 1 April 2020 which will reduce the company's future current tax charge accordingly.

7 Tangible fixed assets

	Assets under the course of construction (AUC) £m	Vehicles and miscellaneous equipment £m	Total £m
Cost:			
At 1 April 2017	7.7	200.2	207.9
Additions	10.2	-	10.2
Transfers from AUC to fully commissioned	(10.4)	10.4	-
At 31 March 2018	7.5	210.6	218.1
Accumulated depreciation:			
At 1 April 2017	-	112.3	112.3
Charge for the year	-	13.2	13.2
At 31 March 2018	-	125.5	125.5
Net book value:			
At 31 March 2018	7.5	85.1	92.6
At 31 March 2017	7.7	87.9	95.6

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

8 Debtors

	2018 £m	2017 £m
Amounts falling due within one year:		
Trade debtors	2.7	3.1
Prepayments and accrued income	1.4	0.4
Amounts owed by group undertakings	17.2	26.7
Other debtors	-	0.1
	<u>21.3</u>	<u>30.3</u>

9 Creditors: amounts falling due within one year

	2018 £m	2017 £m
Trade creditors	-	0.4
Amounts owed to group undertakings	16.6	16.5
Corporation tax payable	1.7	1.7
Accruals and deferred income	3.2	5.9
	<u>21.5</u>	<u>24.5</u>

10 Creditors: amounts falling due after more than one year

	2018 £m	2017 £m
Amounts owed to group undertakings	10.5	32.3
Accruals and deferred income	2.6	-
	<u>13.1</u>	<u>32.3</u>

The amounts owed to group undertakings are in respect of amounts advanced to the company by its parent, SSE plc. Interest is charged at 5.52% (2017: 5.84%)

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

11 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£m	£m	£m	£m	£m	£m
Tangible fixed assets	-	-	(6.2)	(6.4)	(6.2)	(6.4)
Net tax liabilities	-	-	(6.2)	(6.4)	(6.2)	(6.4)

Movement in deferred tax during the year

	1 April 2017	Recognised in income	31 March 2018
	£m	£m	£m
Tangible fixed assets	(6.4)	0.2	(6.2)
	(6.4)	0.2	(6.2)

Movement in deferred tax during prior year

	1 April 2016	Recognised in income	31 March 2017
	£m	£m	£m
Tangible fixed assets	(6.8)	0.4	(6.4)
	(6.8)	0.4	(6.4)

12 Share capital

	2018	2017
	£	£
Equity:		
Allotted, called up and fully paid:		
1 ordinary share of £1.00 each	1.0	1.0
	1.0	1.0

13 Capital commitments

Capital expenditure

	2018	2017
	£m	£m
Contracted but not provided for	0.8	1.2

SSE Metering Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

14 Post Balance Sheet Event

On 1 April 2018, the Group undertook a reorganisation of the existing combined domestic and business energy supply businesses to create a new GB domestic energy supply and services sub-group headed by a newly formed and wholly owned subsidiary, SSE Energy Services Group Limited, in advance of the proposed demerger from SSE plc to SSE Energy Services Group Limited. On 19 July 2018, the shareholders of SSE plc approved the proposed demerger. The demerger remains subject to regulatory approval. There were no other changes affecting SSE Metering Limited.

15 Ultimate parent company

At 31 March 2018, the Company was 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.