

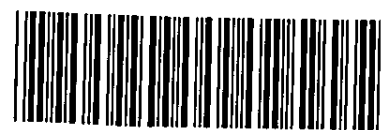
REGISTERED NO.
6383166

Abernedd Power Company Limited

Financial statements for the year ended 31 March 2013

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COMPANIES HOUSE

Abernedd Power Company Limited

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2013

1. Principal Activities

Abernedd Power Company Limited owns rights associated with the construction and operation of a proposed gas fired power plant

The company was established to develop, construct and eventually operate a proposed gas-fired power plant at its site in South Wales

2. Business Review

Development and performance review of the business

Despite currently experiencing short term market challenges, gas-fired plant will play an increasingly important role in electricity generation driven by its

- relatively low capital costs,
- flexibility to support increasing amounts of generation from on- and offshore wind farms,
- short construction time,
- high thermal efficiency, and
- its status as the cleanest of the fossil fuel technologies

With its growing importance, the SSE Group (of which the company is part) continues to develop a range of CCGT options in Great Britain, for both the medium and long-term, including the site at Abernedd (South Wales) The location offers many attractive characteristics, including established grid and gas connections, availability of cooling water and land area

Although projects such as Abernedd are close to being 'shovel ready', unless there is a significant change in UK government policy around EMR and the timing and operation of a future capacity mechanism, and clear market signals suggesting the need for increased gas-fired generation capacity, the directors do not expect to take any final investment decisions to construct the plant until at least 2015 This will effectively mean no new capacity will come into operation until 2017/18 at the earliest, given the lead times for constructing new CCGT plant

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

The main financial risks that the Company could face have been considered by the Directors and the Group's Risk and Trading Committee

3. Results and Dividends

The reported loss after tax for the period was £0.7m (2012 – loss of £0.03m) The Directors do not propose payment of a final dividend (2012 - £nil)

Abernedd Power Company Limited

Report of the Directors (continued)

4. Directors

The Directors who served during the year were as follows

Alasdair MacSween

Paul Smith

Rhys Stanwix (appointed 13 March 2013)

5. Political and Charitable Donations

During the year, no charitable or political donations were made

6. 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 ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

ON BEHALF OF THE BOARD



Paul Smith

Director

3 October 2013

Abernedd Power Company Limited

Statement of directors' responsibilities in respect of the Directors' Report and the Financial statements

The directors are responsible 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, 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 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 Abernedd Power Company Limited

We have audited the financial statements of Abernedd Power Company Limited for the year ended 31 March 2013 as set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

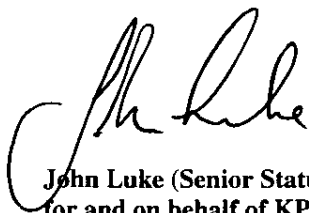
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



John Luke (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

3 October 2013

Abernedd Power Company Limited

Profit and Loss Account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Administrative costs		(697)	-
Other operating income		-	39
Operating (loss)/profit	2	(697)	39
Net interest payable	4	(199)	(221)
Loss on ordinary activities before taxation		(896)	(182)
Taxation	5	191	151
Loss for the financial year	11	(705)	(31)

There have been no recognised gains or losses during the year other than as recorded in the profit and loss account

The above results are derived from continuing activities

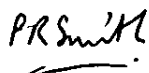
The accompanying notes form part of these financial statements

Abernedd Power Company Limited

Balance Sheet as at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Fixed assets			
Tangible assets	6	<u>3,972</u>	<u>3,686</u>
Current assets			
Debtors	7	640	1,769
Creditors: amounts falling due within one year	8	(679)	(4,207)
Net current liabilities		<u>(39)</u>	<u>(2,438)</u>
Total assets less current liabilities		<u>3,933</u>	<u>1,248</u>
Creditors: amounts falling due after more than one year	9	(5,105)	(1,715)
Net liabilities		<u>(1,172)</u>	<u>(467)</u>
Capital and reserves			
Called up share capital	10	243	243
Profit and loss account	11	(1,415)	(710)
Shareholders' deficit		<u>(1,172)</u>	<u>(467)</u>

These financial statements were approved by the Directors on 3 October 2013 and signed on their behalf by



Paul Smith, Director

Company Registered No 6383166

Abernedd Power Company Limited

Reconciliation of Movements in Shareholders' deficit as at 31 March 2013

	31 March 2013 £'000	31 March 2012 £'000
Loss for the year	(705)	(31)
Net addition to shareholders' deficit	(705)	(31)
Opening shareholders' deficit	(467)	(436)
Closing shareholders' deficit	(1,172)	(467)

Abernedd Power Company Limited

Notes on the Financial statements for the period ended 31 March 2013

1. Principal accounting policies

Basis of accounting

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

The financial statements have been prepared on the going concern basis, notwithstanding the loss for the year of £705,000 (2012: £31,000) and net liabilities of £1,172,000 (2012: £467,000), which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by SSE plc, the company's ultimate parent company. SSE plc has indicated that for at least 12 months, and for the foreseeable future, from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of SSE plc, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the SSE Group.

Turnover

Turnover, stated net of value added tax, represents the amounts derived from the generation and sale of electricity, together with the provision of other goods and services in the UK.

Taxation

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

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred taxation arises in respect of items where there are timing differences between their treatment for accounting and taxation purposes. This is recognised where an obligation to pay more tax in the future has originated but not reversed at the balance sheet date. A deferred tax asset is recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Abernedd Power Company Limited

Notes on the Financial statements for the period ended 31 March 2013

Tangible fixed assets

(i) 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	
Buildings - freehold	Up to 60
- leasehold	lower of lease period and 60

(ii) Subsequent expenditure

Expenditure incurred to replace a component of a tangible fixed asset that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the tangible fixed asset to which it relates.

Abernedd Power Company Limited

Notes on the Financial statements for the period ended 31 March 2013

2. Operating (loss)/profit

The operating (loss)/profit is arrived at after charging

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Operating lease charges	-	-
Auditor's remuneration for audit services	5	5

3. Directors' and staff remuneration

No director received remuneration in respect of their service to the Company (2012 - £nil) There were no staff employed during the year (2012- nil)

4. Net interest payable

	2013 £'000	2012 £'000
Interest payable and similar charges		
To group undertakings	(199)	(221)
Net interest payable	(199)	(221)

5. Taxation

	2013 £'000	2012 £'000
Current tax		
United Kingdom corporation tax	(215)	(71)
Adjustments in respect of previous periods	24	(80)
Total tax on loss on ordinary activities	(191)	(151)

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

	2013 £'000	2012 £'000
Loss before taxation	896	182
Tax on loss on ordinary activities at standard UK corporation tax rate of 24% (2012 - 26%)	(215)	(47)
Effects of		
Expenses not deductible for tax purposes	-	57
Non taxable income	-	(81)
Adjustments in respect of previous periods	24	(80)
Current tax credit for year	(191)	(151)

The March 2013 Budget announced a 1% reduction in the tax rate, from 1 April 2013, to 23%. This was substantively enacted before March 2013. This change will reduce the Company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction (the rate now being reduced to 20% over the next two years), although this will further reduce the Company's future current tax charge.

Abernedd Power Company Limited

Notes on the Financial statements for the period ended 31 March 2013

6. Tangible fixed assets

	Assets under construc- tion (AUC) £'000
Cost:	
At 1 April 2012	3,686
Additions	286
At 31 March 2013	<u>3,972</u>
Depreciation:	
At 1 April 2012	-
Charge for the year	-
At 31 March 2013	<u>-</u>
Net book value:	
At 31 March 2013	<u>3,972</u>
At 1 April 2012	<u>3,686</u>

7. Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed by group undertakings	362	1,698
Group relief receivable	214	71
Other receivables	64	-
	<u>640</u>	<u>1,769</u>

8. Creditors: amounts due within one year

	2013 £'000	2012 £'000
Trade creditors	10	-
Amounts owed to group undertakings	498	1,778
Accruals and deferred income	7	1,853
Other creditors	164	576
	<u>679</u>	<u>4,207</u>

9. Creditors: amounts due in more than one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	<u>5,105</u>	<u>1,715</u>

Abernedd Power Company Limited

Notes on the Financial statements for the period ended 31 March 2013

10. Share capital

The authorised and called up share capital was

	2013 £	2012 £
Authorised 4,000,000 ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, called up and fully paid 243,330 ordinary shares of £1 each	<u>243,330</u>	<u>243,330</u>

11. Profit and loss account

	£'000
Balance at 31 March 2012	(710)
Loss for the year	<u>(705)</u>
Balance at 31 March 2013	<u>(1,415)</u>

12. Capital commitments

Capital expenditure

	2013 £'000	2012 £'000
Capital expenditure Contracted for but not provided	<u>600</u>	<u>32,947</u>

13. Operating lease commitments

The Company has the following commitments under non-cancellable payments under operating leases which are due to be made in the next year, analysed over the period when the lease expires

	2013 £'000	2012 £'000
After five years	<u>207</u>	<u>207</u>

14. Ultimate holding 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, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ or by accessing the Company's web-site at www.sse.com