

SSE Micro Renewables Limited

Director's report and financial statements

Year ended 31 March 2018

Registered No.: SC386017



SSE Micro Renewables Limited

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SSE Micro Renewables Limited

Directors and Other Information

Directors	Nicholas John Fitzpatrick (Appointed 29 March 2018) Alan Evans (Resigned 29 March 2018)
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Registered office	Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Scotland
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Secretary	Peter Lawns
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Auditor	KPMG LLP Chartered Accountants 319 St Vincent Street Glasgow G2 5AS
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Registered number	SC386017
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SSE Micro Renewables Limited

Director's Report

The director presents his report together with the audited financial statements for the year ended 31 March 2018.

The director has also taken advantage of the exemption from preparing a Strategic report available under section 414b of Companies Act 2006.

1 Principal activities

SSE Micro Renewables Limited (the "Company") is a private company limited by its shares and generates income from realising the benefits of Renewables Obligation Certificates earned from the provision of Solar Photovoltaic panels and export credits. These installations are provided to customers free of charge, who benefit from the energy generated through a reduced bill.

2 Strategic review

The company has been trading during the year by generating electricity through solar panels. The key performance results are measured by the number of installations, the potential generation capacity of electricity and the income stream generated as a result.

	2018	2017
Number of Installations	3	3
Generation capacity (kWp)	718.67	718.67
Income generated (£)	39,208	40,471

3 Principal risks and uncertainties

The Director acknowledges that he has 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 Director has regard to what controls, in his 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 Director and the Group's Risk and Trading Committee. These include competition, the wholesale market prices of Solar panels and other associated parts, economic regulation, government policies, government backed schemes, in particular FIT rates and other factors.

The Company transacts with other companies within the SSE plc group and is a key part of the Group's business and strategies. The principal risks and uncertainties faced by the Group are set out in the Group's annual report.

The main risk factor affecting the income generated is weather which cannot be mitigated against. Another factor to be considered is the panels and invertors, if they become damaged the generation would be affected, however there is a maintenance contract in place to minimise this risk.

The Company 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.

4 Results and dividends

The profit for the financial year amounted to £1,894 (2017: profit of £13,943).

The balance sheet at 31 March 2018 is set out on page 8 and indicates net assets of £2,692,769 (2017: net assets of £2,690,875).

The director does not recommend the payment of a dividend (2017: *Nil*).

SSE Micro Renewables Limited

Director's Report *(continued)*

5 Director

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 director is not required to retire by rotation.

6 Political and charitable donations

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

7 Post balance sheet events

There have been no significant events since the balance sheet date.

8 Going concern

The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future.

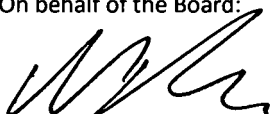
9 Disclosure of information to auditor

The director who held office at the date of approval of this Director's Report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

10 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.

On behalf of the Board:



Nicholas John Fitzpatrick

Director

30 July 2018

SSE Micro Renewables Limited

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

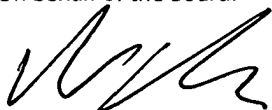
Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

Under company law the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he believes 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 him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board:



Nicholas John Fitzpatrick
Director
30 July 2018

Independent Auditor's Report to the Members of SSE Micro Renewables Limited

Opinion

We have audited the financial statements of SSE Micro Renewables 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.

Director's report

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

Our responsibility is to read the director's 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 director's report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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

Director's responsibilities

As explained more fully in his statement set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines 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 he either intends to liquidate the company or to cease operations, or has 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

30 July 2018

SSE Micro Renewables Limited

Profit and Loss Account for the year ended 31 March 2018

	Note	2018 £	2017 £
Turnover		39,208	40,471
Gross profit		39,208	40,471
Administrative costs		(52,319)	(52,319)
Operating loss		(13,111)	(11,848)
Interest receivable and similar income	4	15,293	20,141
Interest payable and similar charges	5	-	(418)
Profit before taxation		2,182	7,875
Tax (charge)/credit on profit	6	(288)	6,068
Profit for the financial year		1,894	13,943

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 Micro Renewables Limited

Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	<u>568,898</u>	<u>605,717</u>
		568,898	605,717
Current assets			
Debtors:			
amounts falling due within one year	8	154,577	159,081
amounts falling due after more than one year	8	<u>2,082,331</u>	<u>2,006,122</u>
Total current assets		2,236,908	2,165,203
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(100,693)</u>	<u>(68,778)</u>
Net current assets		2,136,215	2,096,425
Total assets less current liabilities		2,705,113	2,702,142
Deferred taxation	10	<u>(12,344)</u>	<u>(11,267)</u>
Net assets		2,692,769	2,690,875
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		<u>2,692,768</u>	<u>2,690,874</u>
Equity Shareholders' funds		2,692,769	2,690,875

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

These financial statements were approved by the Director on 30 July 2018:



Nicholas John Fitzpatrick
Director
Company registered number: SC386017

SSE Micro Renewables Limited

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

	Share capital £	Profit and Loss account £	Total equity £
Balance at 1 April 2016	1	2,676,931	2,676,932
Profit for the financial year	-	13,943	13,943
Balance at 31 March 2017	<u>1</u>	<u>2,690,874</u>	<u>2,690,875</u>
Balance at 1 April 2017	1	2,690,874	2,690,875
Profit for the financial year	-	1,894	1,894
Balance at 31 March 2018	<u>1</u>	<u>2,692,768</u>	<u>2,692,769</u>

SSE Micro Renewables 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* ("FRS 101"). The amendments to FRS 101 (2016/2017 Cycle) issued in July 2017 have been applied. 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.

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

SSE Micro Renewables Limited

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

1 Significant accounting policies *(continued)*

Turnover

Turnover is recognised to the extent that it is probable and the economic benefit will flow to the company, and that the turnover can be reliably measured. Turnover comprises income generated from Renewables Obligation Certificates earned from the provision of Solar PV panels and Export credits and is recognised monthly when electricity is generated and the actual export volumes are recorded.

Taxation

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

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

Deferred 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

(i) Tangible fixed asset disclosure

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provisions for impairment. Assets under construction are recorded at cost. Interest on borrowings related to the financing of major capital projects is capitalised during the construction period as part of the cost of the project. Capitalisation will cease when the asset enters operational service.

(ii) 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:

SSE Treforest	25 Years
SSE Redmoss	25 Years
Edinburgh College	20 Years

(iii) 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.

SSE Micro Renewables 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 £	2017 £
Depreciation of tangible fixed assets	36,819	36,819
Repair & Maintenance costs	15,500	15,500

The audit fee in the year and the previous year was borne by the Parent company, £5,600 of this was in relation to the audit of SSE Micro Renewables Limited (2017: £5,450).

3 Staff costs and numbers

	2018 £	2017 £
Director's Remuneration for whole group	149,684	134,874

The director of the company was remunerated via another group company during the year and allocation for services to an individual company cannot be determined.

No staff are directly employed by the Company.

4 Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group undertakings	15,293	20,141
Total	15,293	20,141

5 Interest payable and similar charges

	2018 £	2017 £
Interest payable to group undertakings	-	(418)
Total	-	(418)

SSE Micro Renewables Limited

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

6 Taxation

	2018 £	2017 £
UK corporation tax		
Current tax on income for the period	(789)	(443)
Adjustment in respect of prior periods	-	(6,778)
Total current tax credit	(789)	(7,221)
Deferred tax (see note 10):		
Origination and reversal of temporary differences	1,077	1,153
Total deferred tax	1,077	1,153
Total tax charge/(credit) on profit	288	(6,068)

The difference between the total 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 £	2017 £
Profit before taxation	2,182	7,875
Tax on profit at standard UK corporation tax rate of 19% (2017: 20%)	415	1,575
Effects of:		
Difference in CT and DT rates	(127)	(865)
Corporation tax adjustment in respect of previous periods	-	(6,778)
Total tax charge/ (credit) for year	288	(6,068)

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. Deferred tax has been reflected at these substantively enacted rates.

SSE Micro Renewables Limited

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

7 Tangible fixed assets

	Vehicles and miscellaneous equipment £	Total £
Cost:		
At 31 March 2017	752,994	752,994
At 31 March 2018	752,994	752,994
Accumulated depreciation:		
At 31 March 2017	147,277	147,277
Charge for the year	36,819	36,819
At 31 March 2018	184,096	184,096
Net book value:		
At 31 March 2018	568,898	568,898
At 31 March 2017	605,717	605,717

8 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Amounts due from group undertakings	3,189	1,261
Corporation tax - group relief receivable	789	7,221
Other debtors	150,599	150,599
	154,577	159,081
Amounts falling due after more than one year:		
Amounts due from group undertakings	2,082,331	2,006,122
	2,082,331	2,006,122

The amounts due from Group undertakings are in respect of amounts owed from its parent, SSE Plc. Interest is received at 0.75% (2017: 1.00%)

9 Creditors: amounts falling due within one year

	2018 £	2017 £
Other Creditors	30,693	-
Corporation tax payable	-	6,778
Accruals	70,000	62,000
	100,693	68,778

SSE Micro Renewables Limited

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

10 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Tangible fixed assets	-	-	(12,344)	(11,267)	(12,344)	(11,267)
Net deferred tax liabilities	-	-	(12,344)	(11,267)	(12,344)	(11,267)

Movement in deferred tax during the year

	1 April 2017	Recognised in income	31 March 2018
	£	£	£
Tangible fixed assets	(11,267)	(1,077)	(12,344)
	(11,267)	(1,077)	(12,344)

Movement in deferred tax during prior year

	1 April 2016	Recognised in income	31 March 2017
	£	£	£
Tangible fixed assets	(10,114)	(1,153)	(11,267)
	(10,114)	(1,153)	(11,267)

11 Share capital

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

12 Ultimate parent company

The Company is a subsidiary of SSE plc, which is the ultimate parent company and is registered in Scotland. The largest and smallest Group in which the results of the Company are consolidated is that headed by SSE plc. The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary, SSE plc, Inverlorn House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at www.sse.com.