

Registered number 04768822

**Gamesa Energy UK Limited**

**Directors' report and financial statements  
for the year ended 31 December 2011**

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# **Gamesa Energy UK Limited**

## **Company Information**

<b>Directors</b>	Gaizka Nicuesa Chacon German González Avecilla
<b>Company number</b>	04768822
<b>Registered office</b>	5th Floor 16 Palace Street London SW1E 5JD
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 141 Bothwell Street Glasgow G2 7EQ

# **Gamesa Energy UK Limited**

## **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 14</b>

# **Gamesa Energy UK Limited**

## **Directors' report for the year ended 31 December 2011**

The directors present their report and the audited financial statements for the year ended 31 December 2011

### **Principal activity and business review**

The principal activity of the company has continued to be that of the development of sites for electricity generating facilities that use renewable energy sources, particularly wind energy

The results for the financial year are set out in the profit and loss account on page 6 and the position at the year-end is shown in the balance sheet on page 7. The directors consider the state of affairs of the company and its future prospects to be satisfactory based on the existing portfolio of projects in different stages and three specific projects in an advanced state, which could provide positive earnings by selling, or planning construction and operation, during 2012.

### **Events after the balance sheet date**

On 24 April 2012, the company announced that it would be closing the Gamesa Energy office in Newport and moving operations to Glasgow. This is expected to result in a number of redundancies. It is expected that a number of costs will be provided in relation to the onerous property lease. As this announcement occurred post year end, no associated costs have been recorded as at 31 December 2011.

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Inigo Cisneros (resigned 17 February 2012)  
Gaizka Nicuesa Chacon  
German Gonzalez Avecilla (appointed 17 February 2012)

### **Going concern**

The company recorded a loss after taxation of £2,312,591 (2010: £546,627) for the year and has both net current and overall net liabilities at the balance sheet date. Whilst the company has positive cash resources, it is dependent on the continued support of its parent undertaking, Gamesa Corporación Tecnológica S.A., in order to meet its financial obligations as they fall due. This support has been evidenced by a letter of support received from Gamesa Corporación Tecnológica S.A. which states it will provide support to the company for at least 12 months from the date of signing the financial statements. The directors have assessed the ability of Gamesa Corporación Tecnológica S.A. to provide this support and concluded that it is able to do so.

After making enquiries and taking account of the factors noted above, the directors have concluded that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

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

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

# **Gamesa Energy UK Limited**

## **Directors' report for the year ended 31 December 2011**

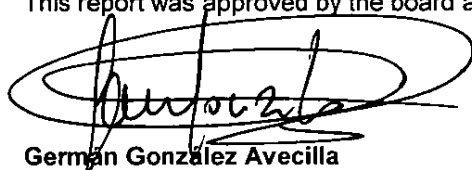
### **Independent auditors**

On 28 November 2011 PricewaterhouseCoopers LLP were appointed as auditors of the company and will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006

### **Small company exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'German Gonzalez Avecilla', is written over a large, loopy oval shape.

**German Gonzalez Avecilla**  
Director  
Date 31 May 2012

## **Gamesa Energy UK Limited**

### **Directors' responsibilities statement for the year ended 31 December 2011**

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting 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,
- 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.

# **Gamesa Energy UK Limited**

## **Independent auditors' report to the members of Gamesa Energy UK Limited**

We have audited the financial statements of Gamesa Energy UK Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 December 2011 and of its loss 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.

### **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.

## **Gamesa Energy UK Limited**

### **Independent auditors' report to the members of Gamesa Energy UK Limited**

#### **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



Michael Timar (Senior statutory auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Glasgow

Date 31 May 2012



## Gamesa Energy UK Limited

### Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Cost of sales		<u>(1,798,444)</u>	<u>(42,229)</u>
<b>Gross loss</b>		<b>(1,798,444)</b>	<b>(42,229)</b>
Administrative expenses		<u>(381,347)</u>	<u>(326,361)</u>
<b>Operating loss</b>	2	<b>(2,179,791)</b>	<b>(368,590)</b>
Interest receivable and similar income	4	<b>117,088</b>	<b>119,306</b>
Interest payable and similar charges	5	<u>(368,192)</u>	<u>(297,343)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(2,430,895)</b>	<b>(546,627)</b>
Tax on loss on ordinary activities	6	<u><b>118,304</b></u>	<u>-</u>
<b>Loss for the financial year</b>	12	<u><b>(2,312,591)</b></u>	<u><b>(546,627)</b></u>

The results for the period are in respect of continuing operations

The company has no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 14 form part of these financial statements

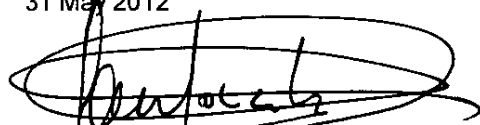
# Gamesa Energy UK Limited

Registered number. 04768822

## Balance sheet as at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	7		129,750		49,649
<b>Current assets</b>					
Debtors	8	8,051,842		8,055,017	
Cash at bank and in hand		24,003		180,866	
		<u>8,075,845</u>		<u>8,235,883</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(12,740,184)</u>		<u>(10,507,530)</u>	
<b>Net current liabilities</b>			<u>(4,664,339)</u>		<u>(2,271,647)</u>
<b>Total assets less current liabilities</b>			<u>(4,534,589)</u>		<u>(2,221,998)</u>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12		<u>(4,534,590)</u>		<u>(2,221,999)</u>
<b>Total shareholder's deficit</b>	13		<u>(4,534,589)</u>		<u>(2,221,998)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 May 2012



Germán González Avecilla  
Director

The notes on pages 8 to 14 form part of these financial statements

# **Gamesa Energy UK Limited**

## **Notes to the financial statements for the year ended 31 December 2011**

### **1 Accounting policies**

#### **1.1 Basis of preparation of financial statements**

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

#### **1.2 Going concern**

The company recorded a loss after taxation of £2,312,591 (2010: £546,627) for the year and has both net current and overall net liabilities at the balance sheet date. Whilst the company has positive cash resources, it is dependent on the continued support of its parent undertaking, Gamesa Corporación Tecnológica S.A., in order to meet its financial obligations as they fall due. This support has been evidenced by a letter of support received from Gamesa Corporación Tecnológica S.A. which states it will provide support to the company for at least 12 months from the date of signing the financial statements. The directors have assessed the ability of Gamesa Corporación Tecnológica S.A. to provide this support and concluded that it is able to do so.

After making enquiries and taking account of the factors noted above, the directors have concluded that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

#### **1.3 Cash flow statement**

The company is a wholly owned subsidiary of Gamesa Corporación Tecnológica S.A. and is included in their consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash flow statements".

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight line basis, over their expected useful lives on the following bases:

Plant & machinery	-	3 years
Office equipment	-	3 years
Computer software	-	3 years

#### **1.5 Turnover and revenue recognition**

Turnover, which will arise in the United Kingdom, will be attributable to the company's principal activity and will be stated net of value added tax.

The company will be eligible for a development fee on commercially successful wind farm projects and revenue is only recognised when the commercial success of the project is virtually certain. No development fee revenue has been recognised during the current or prior financial year.

# **Gamesa Energy UK Limited**

## **Notes to the financial statements for the year ended 31 December 2011**

### **1 Accounting policies (continued)**

#### **1.6 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

#### **1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### **1.8 Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary

Deferred tax assets and liabilities are not discounted

#### **1.9 Pensions**

The company contributes to the personal pension plans of its employees and the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between the contribution payable in the year and the contribution actually paid are shown as either accruals or prepayments in the balance sheet

# Gamesa Energy UK Limited

## Notes to the financial statements for the year ended 31 December 2011

### 2. Operating loss

The operating loss is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	47,521	3,552
Auditors' remuneration - audit of the financial statements	14,058	21,000
Auditors' remuneration - other services	5,000	-
Operating lease rentals		
- plant and machinery	6,216	6,740
- other operating leases	22,456	22,456
Gain on foreign exchange	(116,782)	(117,323)

During the year, no director received any emoluments (2010 £nil)

### 3 Staff costs

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	347,564	291,187
Social security costs	30,850	27,915
Other pension costs	15,089	12,913
	393,503	332,015

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Administration	6	5

### 4 Interest receivable and similar income

	2011 £	2010 £
Exchange gain on loans from group undertakings	116,782	117,323
Other interest	36	1,867
Bank interest	270	116
	117,088	119,306

# Gamesa Energy UK Limited

## Notes to the financial statements for the year ended 31 December 2011

### 5 Interest payable and similar charges

	2011 £	2010 £
Other interest	2	-
On amounts owed to group undertakings	368,190	297,343
	<u>368,192</u>	<u>297,343</u>

### 6. Tax on loss on ordinary activities

	2011 £	2010 £
UK corporation tax credit on loss for the year	<u>(118,304)</u>	<u>-</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 higher than) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(2,430,895)</u>	<u>(546,627)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	(644,187)	(153,056)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	477,329	50,582
Capital allowances for year in excess of depreciation	(16,899)	(13,742)
Other timing differences	(416)	169
Unrelieved tax losses carried forward	65,869	116,047
<b>Current tax (credit)/charge for the year (see note above)</b>	<u><b>(118,304)</b></u>	<u><b>-</b></u>

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 28% to 26% was substantively enacted in March 2011 and is effective from 1 April 2011. A further reduction from 26% to 25% was substantively enacted in July 2011 and will be effective from 1 April 2012. Accordingly, these rates have been applied in the measurement of the company's deferred tax assets and liabilities as at 31 December 2011.

Further reductions to the main rate were proposed in the March 2012 budget, these are expected to be enacted separately each year and propose to reduce the rate by 1% per annum to 22% by 1 April 2014. These further reductions had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements.

# Gamesa Energy UK Limited

## Notes to the financial statements for the year ended 31 December 2011

### 7 Tangible fixed assets

	Plant & machinery £	Office equipment £	Computer software £	Total £
<b>Cost</b>				
At 1 January 2011	37,407	44,341	2,663	84,411
Additions	127,622	-	-	127,622
At 31 December 2011	165,029	44,341	2,663	212,033
<b>Depreciation</b>				
At 1 January 2011	-	34,395	367	34,762
Charge for the year	42,380	4,253	888	47,521
At 31 December 2011	42,380	38,648	1,255	82,283
<b>Net book value</b>				
At 31 December 2011	122,649	5,693	1,408	129,750
At 31 December 2010	37,407	9,946	2,296	49,649

### 8 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	7,943,984	7,867,862
Other debtors	88,546	167,370
Prepayments and accrued income	19,312	17,572
Tax recoverable	-	2,213
	<b>8,051,842</b>	<b>8,055,017</b>

### 9 Creditors Amounts falling due within one year

	2011 £	2010 £
Trade creditors	59,863	102,655
Loans owed to group undertakings	12,581,689	10,236,746
Other creditors	44,260	69,496
Accruals and deferred income	54,372	98,633
	<b>12,740,184</b>	<b>10,507,530</b>

Amounts owed to group undertakings are unsecured, and are repayable on demand. Interest is charged on these amounts at variable rates in the year, based on the applicable EURIBOR rate.

# Gamesa Energy UK Limited

## Notes to the financial statements for the year ended 31 December 2011

### 10 Deferred taxation

	2011 £	2010 £
At beginning and end of year	-	-

The deferred tax asset of £132,293 (2010 £nil) has not been recognised during the year as it is unlikely that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted

### 11 Called up share capital

	2011 £	2010 £
Allotted and fully paid		
1 Ordinary share of £1	1	1

### 12 Profit and loss account

	2011 £
At 1 January 2011	(2,221,999)
Loss for the financial year	(2,312,591)
At 31 December 2011	(4,534,590)

### 13. Reconciliation of movement in shareholder's deficit

	2011 £	2010 £
Opening shareholder's deficit	(2,221,998)	(1,675,371)
Loss for the financial year	(2,312,591)	(546,627)
Closing shareholder's deficit	(4,534,589)	(2,221,998)

### 14. Contingent liabilities

	2011 £	2010 £
Guarantees	364,500	356,906

The guarantees in the current year have been provided to third parties in order to secure contracts on various sites designated for development. No amounts have been recognised as liabilities in the financial statements in relation to the guarantees.



# Gamesa Energy UK Limited

## Notes to the financial statements for the year ended 31 December 2011

### 15. Operating lease commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2011	2010	2011	2010
	£	£	£	£
<b>Expiry date</b>				
Within 1 year	-	-	<b>2,316</b>	2,617
Between 2 and 5 years	<b>22,456</b>	22,456	<b>3,900</b>	4,123

### 16. Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Gamesa Corporacion Tecnologica S A

### 17. Events after the balance sheet date

On 24 April 2012, the company announced that it would be closing the Gamesa Energy office in Newport and moving operations to Glasgow. This is expected to result in a number of redundancies. It is expected that a number of costs will be provided in relation to the onerous property lease. As this announcement occurred post year end, no associated costs have been recorded as at 31 December 2011.

### 18. Immediate parent company and controlling party

The immediate parent undertaking is Gamesa Energia S A , a company incorporated in Spain.

The ultimate parent undertaking and the ultimate controlling party of the undertaking is Gamesa Corporación Tecnológica S A , incorporated in Spain.

The largest and smallest group in which the results of the company are consolidated is that headed by Gamesa Corporacion Tecnologica S A. The consolidated financial statements of this group can be obtained from Parque Tecnológico de Bizkaia, edificio 222, 48170, Zamudio, Vizcaya, Spain and are available at <http://www.gamescorp.com/recursos/doc/accionistas-inversores/informacion-financiera/cuentas-anuales/cuentas-anuales-consolidadas-con-iagc.pdf>. This version is only available in Spanish, translation is ongoing.