

Registered number: SC345934

**Iberdrola Engineering and Construction UK Limited**

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

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# **Iberdrola Engineering and Construction UK Limited**

## **Company Information**

<b>Directors</b>	P W Jones M A Higuera Diaz
<b>Company number</b>	SC345934
<b>Registered office</b>	1 Atlantic Quay Robertson Street Glasgow G2 8SP
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Erskine House 68-73 Queen Street Edinburgh EH2 4NH

# **Iberdrola Engineering and Construction UK Limited**

## **Company Information**

<b>Directors</b>	P W Jones M A Higuera Diaz
<b>Company number</b>	SC345934
<b>Registered office</b>	1 Atlantic Quay Robertson Street Glasgow G2 8SP
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Erskine House 68-73 Queen Street Edinburgh EH2 4NH

# **Iberdrola Engineering and Construction 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 activities**

The principal activity of the company is engineering and project management services pertaining to generation, renewable and nuclear energy.

### **Directors**

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

P W Jones  
M A Higuera Diaz

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Iberdrola SA. The directors have received confirmation that Iberdrola SA intend to support the company for at least one year after these financial statements are signed.

### **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.

### **Independent auditors**

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

# Iberdrola Engineering and Construction UK Limited

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

### 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.



M A Higuera Diaz  
Director

Date: 23/03/12



P W Jones  
Director

Date: 23/03/12

## **Iberdrola Engineering and Construction 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 elected to prepare 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 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 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.

# **Iberdrola Engineering and Construction UK Limited**

## **Independent auditors' report to the members of Iberdrola Engineering and Construction UK Limited**

We have audited the financial statements of Iberdrola Engineering and Construction 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 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.

## Iberdrola Engineering and Construction UK Limited

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

#### 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.

*Martin Cowie*

Martin Cowie (Senior Statutory Auditor)  
for and on behalf of  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Edinburgh

*23 March*

2012



## Iberdrola Engineering and Construction UK Limited

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

	Note	2011 £	2010 £
Turnover	2	5,194,440	2,401,822
Cost of sales		<u>(4,930,598)</u>	<u>(2,193,263)</u>
Gross profit		263,842	208,559
Administrative expenses		<u>(730,347)</u>	<u>(323,247)</u>
Operating loss	3	(466,505)	(114,688)
Interest receivable and similar income	6	-	4,053
Interest payable and similar charges	7	<u>-</u>	<u>(39,653)</u>
Loss on ordinary activities before taxation		(466,505)	(150,288)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the financial year	13	<u><u>(466,505)</u></u>	<u><u>(150,288)</u></u>

The results for the year are in respect of continuing operations.

There are no other recognised gains and losses other than those passing through the profit and loss account. Accordingly a statement of total recognised gains and losses has not been prepared.

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form part of these financial statements.

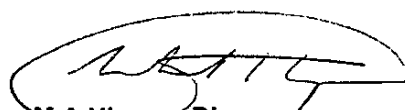
# Iberdrola Engineering and Construction UK Limited

Registered number: SC345934

## Balance sheet as at 31 December 2011

	Note	£	2011 £	Restated 2010 £
<b>Current assets</b>				
Stocks	9	1,699,940	962,470	
Debtors	10	2,057,899	190,027	
Cash at bank		925,285	186,268	
		<u>4,683,124</u>	<u>1,338,765</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(5,763,823)</u>	<u>(1,952,959)</u>	
<b>Net current liabilities</b>			<u>(1,080,699)</u>	<u>(614,194)</u>
<b>Net liabilities</b>			<u>(1,080,699)</u>	<u>(614,194)</u>
<b>Capital and reserves</b>				
Called up share capital	12		100	100
Profit and loss account	13		<u>(1,080,799)</u>	<u>(614,294)</u>
<b>Shareholder's deficit</b>	14		<u>(1,080,699)</u>	<u>(614,194)</u>

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



M.A. Higuera Diaz  
Director

P W Jones  
Director



The notes on pages 8 to 13 form part of these financial statements.

# **Iberdrola Engineering and Construction 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 applied consistently throughout the year.

#### **1.2 Going concern**

The company's ultimate parent undertaking Iberdrola Ingenieria Y Construccion SA, has indicated it will provide financial support to the company for a period of at least one year from the date these financial statements were signed; accordingly the financial statements have been prepared on a going concern basis.

#### **1.3 Cash flow**

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement as it is a wholly owned subsidiary of Iberdrola Ingenieria Y Construccion SA, which prepares consolidated financial statements, in which the company is included, which are publicly available.

#### **1.4 Stocks**

Work in progress are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity.

#### **1.5 Turnover and long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover, net of value added tax, for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### **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.

# Iberdrola Engineering and Construction UK Limited

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

### 1. Accounting policies (continued)

#### 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 earning 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 Comparatives

The prior year intercompany numbers were reclassified to ensure consistency with the current year.

This has resulted in £1,148,887 reclassified from Debtors (Trade debtors) to Stocks (Work in progress) and Debtors (Amounts owed by group undertakings) of £962,470 and £186,417 respectively. £1,168,063 has also been reclassified from Creditors (Accruals and deferred income) to Creditors (Amounts owed to parent and fellow group undertakings).

The resulting impact is that there is no change on either retained profits or net assets.

### 2. Turnover

All turnover is derived from project management and engineering services in the United Kingdom.

### 3. Operating loss

The operating loss is stated after charging/(crediting):

	2011 £	2010 £
Auditors' remuneration - audit of the financial statements	17,500	7,900
Auditors' remuneration - other services	2,450	-
Operating lease rentals:		
- other operating leases	141,720	-
Difference on foreign exchange	(99,879)	-

# Iberdrola Engineering and Construction UK Limited

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

### 4. Directors' remuneration

	2011 £	2010 £
Aggregate emoluments	<u>54,513</u>	<u>124,906</u>

During the year retirement benefits were accruing to one (2010: one) director in respect of defined contribution benefit schemes.

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2011 £	2010 £
Wages and salaries	1,564,196	680,710
Social security costs	350,820	96,885
	<u>1,915,016</u>	<u>777,595</u>

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

	2011 No.	2010 No.
Engineers	24	7
Managers	3	3
Administration	1	2
	<u>28</u>	<u>12</u>

### 6. Interest receivable and similar income

	2011 £	2010 £
Exchange gains	<u>-</u>	<u>4,053</u>

### 7. Interest payable and similar charges

	2011 £	2010 £
Bank interest payable	-	1,396
Exchange losses	-	38,257
	<u>-</u>	<u>39,653</u>

# Iberdrola Engineering and Construction UK Limited

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

### 8. Tax on loss on ordinary activities

	2011 £	2010 £
UK corporation tax charge on loss for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is higher (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	(466,505)	(150,288)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(123,624)	(42,081)
Effects of:		
Group relief surrendered	123,624	42,081
Current tax charge for the year (see above)	-	-

### 9. Stocks

	2011 £	Restated 2010 £
Work in progress	1,699,940	962,470

### 10. Debtors

	2011 £	Restated 2010 £
Trade debtors	502,876	-
Amounts owed by group undertakings	1,505,965	186,417
Other debtors	49,058	3,610
	2,057,899	190,027

Amounts owed by group undertakings are unsecured, repayable on demand and bear no interest.

# Iberdrola Engineering and Construction UK Limited

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

### 11. Creditors: amounts falling due within one year

	2011	Restated 2010
	£	£
Trade creditors	112,664	468,413
Amounts owed to parent and fellow group undertakings	4,874,107	1,169,428
Social security and other taxes	-	28,292
Other creditors	54,915	2,028
Accruals and deferred income	722,137	284,798
	<u>5,763,823</u>	<u>1,952,959</u>

Amounts owed to parent and fellow group undertakings are unsecured, repayable on demand and bear no interest.

### 12. Called up share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 13. Reserves

	Profit and loss account £
At 1 January 2011	(614,294)
Loss for the financial year	(466,505)
At 31 December 2011	<u>(1,080,799)</u>

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

	2011	2010
	£	£
Opening shareholder's deficit	(614,194)	(463,906)
Loss for the financial year	(466,505)	(150,288)
Closing shareholder's deficit	<u>(1,080,699)</u>	<u>(614,194)</u>

## Iberdrola Engineering and Construction 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	
	2011	2010
	£	£
Expiry date:		
After more than 5 years	141,720	-

#### 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 Iberdrola SA.

Iberdrola Group formed a JV consortium with Nugeneration Limited with Scottish & Southern and GDF Suez during the year to build a nuclear power plant. Transactions during the year ending 31 December 2011 with Nugeneration Limited consisted of £838,796 of sales and at the balance sheet date a balance of £502,876 is included within debtors.

#### 17. Ultimate controlling party

The immediate parent undertaking is Iberdrola Ingenieria Y Construcción SA, a company incorporated in Spain.

The ultimate parent undertaking and the ultimate controlling party of the undertaking is Iberdrola SA, incorporated in Spain.

Iberdrola Ingenieria Y Construcción SA is the parent undertaking of the smallest and Iberdrola SA is the parent undertaking of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements of Iberdrola Ingenieria Y Construcción SA and Iberdrola SA can be obtained from Avda, Burgos, 8B, Spain.