

Gamesa Energy UK Limited

**Directors' report and financial statements
for the year ended 31 December 2013**

TUESDAY



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Gamesa Energy UK Limited

Company Information

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

Gamesa Energy UK Limited

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Gamesa Energy UK Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013

Principal activity

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

Directors

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

Gaizka Nicuesa Chacon
German Gonzalez AVECILLA

Going concern

The company recorded a loss after taxation of £2,348,095 (2012 £1,924,644) 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 immediate parent undertaking, Gamesa Energia 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 Energia 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 Energia 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 auditor

The directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. The directors also confirm that they have each taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

PricewaterhouseCoopers LLP were auditors of the company during the year. A resolution to appoint Ernst & Young LLP as the auditors of the company for subsequent periods will be proposed at the next Annual General Meeting.

Gamesa Energy UK Limited

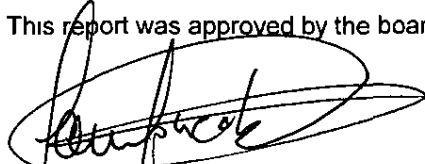
Directors' report for the year ended 31 December 2013

Small company exemption

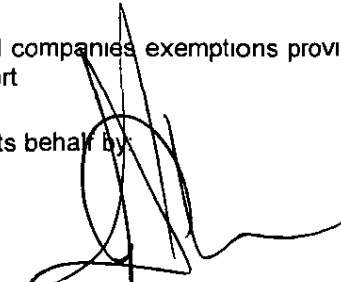
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

The directors have also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and not prepared a strategic report

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



Germán González Avecilla
Director
Date 23 July 2014



Gaizka Nievesa Chacon
Director
Date 23 July 2014

Gamesa Energy UK Limited

Directors' responsibilities statement for the year ended 31 December 2013

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 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 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, 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.

Gamesa Energy UK Limited

Independent auditor's report to the members of Gamesa Energy UK Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Gamesa Energy UK Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)") 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 and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 auditor's report to the members of Gamesa Energy UK Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility

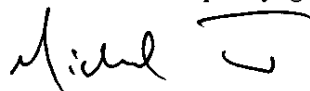
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & 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



Michael Timar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Glasgow

23 July 2014

Gamesa Energy UK Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Cost of sales		<u>(595,053)</u>	<u>(1,006,841)</u>
Gross loss		(595,053)	(1,006,841)
Administrative expenses		<u>(1,389,383)</u>	<u>(624,030)</u>
Operating loss	2	(1,984,436)	(1,630,871)
Interest receivable and similar income	4	61	91,922
Interest payable and similar charges	5	<u>(363,720)</u>	<u>(385,695)</u>
Loss on ordinary activities before taxation		(2,348,095)	(1,924,644)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the financial year	13	<u>(2,348,095)</u>	<u>(1,924,644)</u>

The results for the year are derived from 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

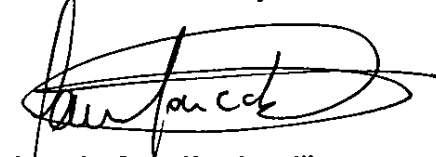
Gamesa Energy UK Limited

Registered number. 04768822

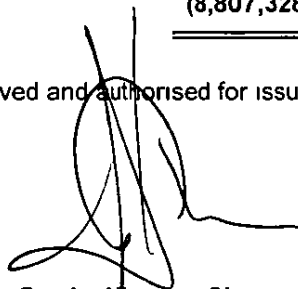
Balance sheet as at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	7		88,995		115,037
Current assets					
Debtors	8	4,682,128		6,647,975	
Cash at bank and in hand		13,229		7,692	
		<u>4,695,357</u>		<u>6,655,667</u>	
Creditors amounts falling due within one year	9	(13,591,680)		(13,174,937)	
Net current liabilities			<u>(8,896,323)</u>		<u>(6,519,270)</u>
Total assets less current liabilities			<u>(8,807,328)</u>		<u>(6,404,233)</u>
Provisions for liabilities and charges					
Provisions for liabilities	11		-		(55,000)
Net liabilities			<u>(8,807,328)</u>		<u>(6,459,233)</u>
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		<u>(8,807,329)</u>		<u>(6,459,234)</u>
Total shareholder's deficit	14		<u>(8,807,328)</u>		<u>(6,459,233)</u>

The financial statements on pages 6 to 14 were approved and authorised for issue by the board and were signed on its behalf on 23 July 2014



Germán González Avecilla
Director



Gaizka Nicuesa Chacon
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 2013

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 £2,348,095 (2012: £1,924,644) 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 immediate parent undertaking, Gamesa Energia 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 Energia 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 Energia 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 assets and depreciation

Tangible assets are recognised at initial purchase cost and stated at cost less depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 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 at which the contract is due to be revised.

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies (continued)

1.6 Provisions

The company recognises provisions when there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made

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 result 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

2. Operating loss

The operating loss is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	79,295	73,700
Auditors' remuneration - audit of the financial statements	13,221	13,221
Auditors' remuneration - other services	4,500	4,500
Operating lease rentals		
- plant and machinery	5,772	6,591
- other operating leases	48,379	22,456

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

3 Staff costs

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	212,121	256,031
Social security costs	14,654	12,233
	<u>226,775</u>	<u>268,264</u>

During the year, no director received any emoluments (2012 £nil)

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

	2013 No.	2012 No
Administration	<u>3</u>	<u>3</u>

4. Interest receivable and similar income

	2013 £	2012 £
Exchange gain on loans from group undertakings	-	91,852
Other interest	61	70
	<u>61</u>	<u>91,922</u>

5 Interest payable and similar charges

	2013 £	2012 £
Exchange loss on loans owed to group undertakings	85,109	-
On amounts owed to group undertakings	278,611	385,695
	<u>363,720</u>	<u>385,695</u>

6 Tax on loss on ordinary activities

	2013 £	2012 £
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

6. Tax on loss on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(2,348,095)	(1,924,644)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	(545,932)	(471,538)
Effects of		
Expenses not deductible for tax purposes	121,883	90,576
Capital allowances for year in excess of depreciation	18,434	18,053
Other timing differences	-	(1)
Unrelieved tax losses carried forward	405,615	362,910
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured

7. Tangible fixed assets

	Plant & machinery £	Office equipment £	Computer software £	Total £
Cost				
At 1 January 2013	224,016	44,341	2,663	271,020
Additions	53,253	-	-	53,253
At 31 December 2013	277,269	44,341	2,663	324,273
Depreciation				
At 1 January 2013	110,939	42,901	2,143	155,983
Charge for the year	77,335	1,440	520	79,295
At 31 December 2013	188,274	44,341	2,663	235,278
Net book value				
At 31 December 2013	88,995	-	-	88,995
At 31 December 2012	113,077	1,440	520	115,037

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

8. Debtors

	2013 £	2012 £
Amounts owed by group undertakings	4,555,780	6,513,811
Other debtors	121,811	126,700
Prepayments and accrued income	4,537	7,464
	<u>4,682,128</u>	<u>6,647,975</u>

9. Creditors Amounts falling due within one year

	2013 £	2012 £
Trade creditors	223,825	103,828
Loans owed to group undertakings	13,327,902	12,756,538
Taxation and social security	6,678	291,193
Accruals and deferred income	33,275	23,378
	<u>13,591,680</u>	<u>13,174,937</u>

Amounts owed to group undertakings are unsecured, and are repayable on demand. Interest is charged on these amounts at rates between EURIBOR +2.25% to 2.5%.

10. Deferred taxation

	2013 £	2012 £
At beginning and end of year	<u>-</u>	<u>-</u>

The deferred tax asset of £866,135 (2012: £576,567) 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. Provisions for liabilities

	£
At 1 January 2013	55,000
Release of provision	(55,000)
At 31 December 2013	<u>-</u>

The provision for the onerous lease on premises the company occupied was settled during the year.

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

12. Called up share capital

	2013 £	2012 £
Allotted and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

13. Profit and loss account

	£
At 1 January 2013	(6,459,234)
Loss for the financial year	<u>(2,348,095)</u>
At 31 December 2013	<u>(8,807,329)</u>

14. Reconciliation of movement in shareholder's deficit

	2013 £	2012 £
Opening shareholder's deficit	(6,459,233)	(4,534,589)
Loss for the financial year	<u>(2,348,095)</u>	<u>(1,924,644)</u>
Closing shareholder's deficit	<u>(8,807,328)</u>	<u>(6,459,233)</u>

15. Contingent liabilities

	2013 £	2012 £
Guarantees	<u>416,658</u>	<u>674,978</u>

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

16. Operating lease commitments

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

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date.				
Within 1 year	-	-	-	4,896
Between 2 and 5 years	-	22,456	-	-

Gamesa Energy UK Limited

Notes to the financial statements for the year ended 31 December 2013

17. Related party transactions

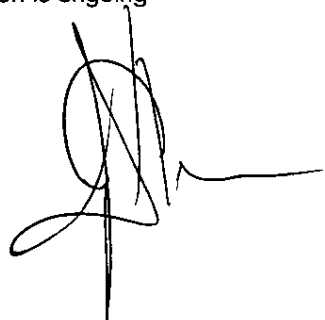
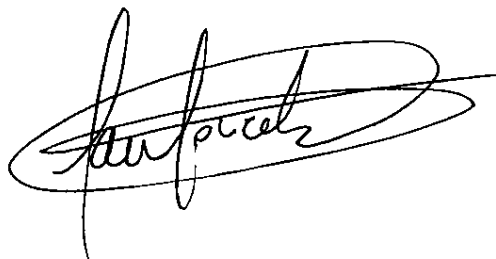
The company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Gamesa Corporacion Tecnologica S A

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 Corporacion 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

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