

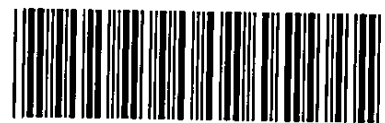
Parsons Peebles Generation Limited

Directors' report and financial statements

Registered number SC281567

30 November 2013

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Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	3
Independent auditor's report to the members of Parsons Peebles Generation Limited	4
Income Statement	5
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes	10

Strategic report

The directors present their Strategic Report for the year ended 30 November 2013.

Principal activities

The principal activity of the company in the year under review was that of the design, manufacture, installation, commissioning, provision of refurbishment, servicing and repairs of high voltage electric motors, generators and associated equipment. The company also carries out high voltage testing services.

Business review

The company had another successful year generating a profit before tax for the year of £214,559 (2012: £1,166,786). The directors are satisfied with the performance of the company and, given current order book levels, believe that the company is well placed to deliver further growth in the current financial year.

On 18 January 2013, the entire issued share capital of the company was acquired by CBC Vicar Ltd (subsequently re-named Parsons Peebles Generation Group Ltd) a wholly owned investment of Clyde Blowers Capital Fund III LP. On the same date, the company was released from any floating charges and cross guarantees in respect of the borrowings of the former owners, Patersons Quarries Limited.

On 14 May 2013, the company entered into a new banking facility with HSBC with access to a Revolving Credit facility of £2.5million and a Term Loan facility of up to £1.3million. The company granted a floating charge in favour of HSBC in respect of these facilities.

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any disclosable political expenditure during the year.

By order of the board



F Barrett
Director

1 Redwood Crescent
Peel Park
East Kilbride
Glasgow
G74 5PA

20 June 2014

Directors' report

The directors present their directors' report and financial statements for the year ended 30 November 2013.

Financial instruments

The company's policy is to minimise the use of complex financial instruments.

Proposed dividend

The directors made a pre-acquisition dividend to Patersons Quarries Ltd of £4,372,827 (2012: £nil).

Directors

The directors who held office during the year were as follows:

A McEvoy	(resigned 18 January 2013)
TM Paterson	(resigned 18 January 2013)
W Paterson	(resigned 18 January 2013)
JA Stickler	(resigned 18 January 2013)
GJ McCallum	(appointed 18 January 2013)
J McColl	(appointed 18 January 2013, resigned 12 February 2014)
FG Barrett	(appointed 18 January 2013)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that 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.

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.

By order of the board



M Ward
Secretary

1 Redwood Crescent
Peel Park
East Kilbride
Glasgow
G74 5PA

20 June 2014

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of Parsons Peebles Generation Limited

We have audited the financial statements of Parsons Peebles Generation Limited for the year ended 30 November 2013 set out on pages 5 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 July 2014

Income Statement

for year ended 30 November 2013

	Note	2013 £	2012 £
Revenue		4,810,782	5,341,831
Cost of sales		(2,262,584)	(2,938,800)
		<hr/>	<hr/>
Gross profit		2,548,198	2,403,031
Administrative expenses		(2,236,560)	(1,233,798)
		<hr/>	<hr/>
Operating profit		311,638	1,169,233
Financial income		-	58
Financial expenses		(97,079)	(2,505)
		<hr/>	<hr/>
Net financing expense	5	(97,079)	(2,447)
		<hr/>	<hr/>
Profit before tax		214,559	1,166,786
Taxation	6	11,982	(299,331)
		<hr/>	<hr/>
Profit for the year		226,541	867,455
		<hr/>	<hr/>

The above results relate to continuing operations.

Statement of Other Comprehensive Income
for year ended 30 November 2013

	<i>Note</i>	2013 £	2012 £
Profit for the year		<u>226,541</u>	<u>867,455</u>
Total comprehensive income for the year		<u>226,541</u>	<u>867,455</u>

Balance Sheet
at 30 November 2013

	<i>Note</i>	30 November 2013	30 November 2012	1 December 2011 (see note 21)
		£	£	£
Non-current assets				
Property, plant and equipment	7	163,559	101,362	136,543
Intangible assets	8	-	3,000	4,000
Deferred tax assets	9	32,840	-	-
		<u>196,399</u>	<u>104,362</u>	<u>140,543</u>
Current assets				
Inventories	10	61,108	54,616	84,214
Trade and other receivables	11	1,470,415	6,144,282	5,298,259
Cash and cash equivalents	12	281,984	9,513	232,499
		<u>1,813,507</u>	<u>6,208,411</u>	<u>5,614,972</u>
Total assets		<u>2,009,906</u>	<u>6,312,773</u>	<u>5,755,515</u>
Current liabilities				
Trade and other payables	13	1,032,780	911,150	1,385,464
Tax payable		242,341	520,552	356,435
		<u>1,275,121</u>	<u>1,431,702</u>	<u>1,741,899</u>
Total liabilities		<u>1,275,121</u>	<u>1,431,702</u>	<u>1,741,899</u>
Net assets		<u>734,785</u>	<u>4,881,071</u>	<u>4,013,616</u>
Equity				
Share capital	15	500,000	500,000	500,000
Retained earnings		234,785	4,381,071	3,513,616
		<u>734,785</u>	<u>4,881,071</u>	<u>4,013,616</u>
Total equity		<u>734,785</u>	<u>4,881,071</u>	<u>4,013,616</u>

These financial statements were approved by the board of directors on 20 June 2014 and were signed on its behalf by:

F Barrett
Director



Company registered number: Registered number SC281567

Statement of Changes in Equity

	Share capital £	Retained earnings £	Total equity £
Balance at 1 December 2011	500,000	3,513,616	4,013,616
Total comprehensive income for the period			
Profit for the period	-	867,455	867,455
Total comprehensive income for the period	-	867,455	867,455
Total contributions by and distributions to owners	-	-	-
Balance at 30 November 2012	500,000	4,381,071	4,881,071
	Share Capital £	Retained earnings £	Total equity £
Balance at 1 December 2012	500,000	4,381,071	4,881,071
Total comprehensive income for the period			
Profit for the period	-	226,541	226,541
Total comprehensive income for the period	-	226,541	226,541
Transactions with owners, recorded directly in equity			
Dividends	-	(4,372,827)	(4,372,827)
Total contributions by and distributions to owners	-	(4,372,827)	(4,372,827)
Balance at 30 November 2013	500,000	234,785	734,785

Cash Flow Statement
for year ended 30 November 2013

	<i>Note</i>	2013	2012
		£	£
Cash flows from operating activities			
Profit for the year		226,541	867,455
<i>Adjustments for:</i>			
Depreciation and amortisation		65,336	65,552
Financial expense		97,079	2,447
Taxation		(11,982)	299,331
		<hr/>	<hr/>
		376,974	1,234,785
Decrease/(increase) in trade and other receivables		521,983	(1,084,494)
(Increase)/decrease in inventories		(6,492)	29,598
Decrease in trade and other payables		(81,186)	(271,498)
		<hr/>	<hr/>
		811,279	(91,609)
Interest paid		(97,079)	(2,447)
Tax paid		(96,253)	(338,030)
		<hr/>	<hr/>
Net cash from operating activities		617,947	(432,086)
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(124,533)	(29,371)
Dividend paid		(4,372,827)	-
		<hr/>	<hr/>
Net cash from investing activities		(4,497,360)	(29,371)
		<hr/>	<hr/>
Cash flows from financing activities			
Repayments from parent company		4,151,884	238,471
		<hr/>	<hr/>
Net cash from financing activities		4,151,884	238,471
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		272,471	(222,986)
Cash and cash equivalents at 1 December		9,513	232,499
		<hr/>	<hr/>
Cash and cash equivalents at 30 November		281,984	9,513
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Parsons Peebles Generation Limited (the "Company") is a company incorporated and domiciled in the UK.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 December 2011 for the purposes of the transition to Adopted IFRSs.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1 Transition to Adopted IFRSs

The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 21.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

After making enquiries, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and machinery, fixtures & fittings	5 to 10 years
Computer equipment	3 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Notes (continued)

1 Accounting policies (continued)

1.9 Long term contracts

Certain contracts undertaken by the company which extend beyond the balance sheet date and which are material to the overall results of the company are accounted for as long term contracts notwithstanding that the duration of the contract may be less than one year.

Amounts recoverable on such contracts are included in debtors. These amounts represent cost plus attributable profit less total progress payments received and receivable. Where total progress payments and provisions for losses exceed the costs incurred plus attributable profit, the excess is shown in creditors falling due within one year. Profit is taken on such contracts only when their outcome can be foreseen with reasonable certainty. In determining the amount of profit taken at the period end the main facts considered are the experience, if any, of similar contracts and the estimated percentage completion. Anticipated losses are provided in full.

1.10 Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.11 Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes (continued)

1 Accounting policies (continued)

1.11 Impairment excluding inventories, and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.13 Revenue

Revenue represents the cost plus attributable profit in respect of the stage of completion of work performed in the period on new build and repair contracts and the amounts invoiced in the period in relation to the supply of spares to third party customers.

1.14 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (mandatory for years commencing on or after 1 July 2012). The amendments require an entity to present the items of other comprehensive that may be recycled to profit or loss in the future if certain conditions are met, separately from those that would never be recycled to profit or loss. Consequently, as the Company presents items of other comprehensive income before related income tax effects the aggregated income tax amount would need to be allocated between those sections.

Amendments to IAS 19 'Employee Benefits' (mandatory for years commencing on or after 1 January 2013). For defined benefit schemes, the amendments introduce various changes. This standard is not expected to have a material impact on the Company.

There are no new standards, amendments or interpretations that are effective for the current financial period that has had a material impact on the Company. A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. These are as follows:

IFRS 10 Consolidated Financial Statements

This will become effective for annual periods beginning on or after 1 January 2014. It establishes a single control model for determining which subsidiaries are included in the financial statements and clarifies that substantive potential voting rights and de facto control is included in determining whether a parent has control over a subsidiary.

IFRS 11 Joint Arrangements

Under this standard the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore subsequent accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities

This brings together all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after 1 January 2014.

IFRS 13 Fair Value Measurement

This provides consistency by making available a single source of guidance on how fair value is measured. IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs, it is effective for annual periods beginning on or after 1 January 2014.

The above standards and interpretations have been endorsed by the EU.

Notes (continued)

2 Expenses and auditor's remuneration

Included in profit are the following:

Auditor's remuneration:

	2013 £	2012 £
Audit of these financial statements	15,464	13,500

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2013	2012
Production	33	31
Sales and administration	14	10
	47	41

The aggregate payroll costs of these persons were as follows:

	2013 £	2012 £
Wages and salaries	1,516,422	1,156,273
Social security costs	156,313	129,096
Contributions to defined contribution plans	58,746	53,639
	1,731,481	1,339,008

4 Directors' remuneration

Remuneration of the directors was borne by another group company in the current and prior year.

5 Finance income and expense

Recognised in profit

	2013 £	2012 £
Finance income	-	58
	2013 £	2012 £
Finance expense	2,282	2,505
Banking Arrangement Fees	94,797	-
Total finance expense	97,079	2,505

Notes (continued)

6 Taxation

Recognised in the income statement

	2013 £	2012 £
Current tax expense		
Current year	20,858	297,483
Adjustments for prior years	-	1,848
	<hr/>	<hr/>
Current tax expense	20,858	299,331
	<hr/>	<hr/>
Deferred tax credit		
Origination and reversal of temporary differences	(32,840)	-
	<hr/>	<hr/>
Deferred tax credit	(32,840)	-
	<hr/>	<hr/>
Tax (credit)/expense in income statement	(11,982)	299,331
	<hr/>	<hr/>
Total tax (credit)/expense	(11,982)	299,331
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2013 £	2012 £
Profit for the year	226,541	867,455
Total tax (credit)/expense	(11,982)	299,331
	<hr/>	<hr/>
Profit excluding taxation	214,559	1,166,786
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 23.25% (2012: 24.67%)	49,885	287,846
Non-deductible expenses	1,915	111
Other timing differences	(30,183)	9,566
Other	1	(40)
Under provided in prior years	-	1,848
Group relief	(33,600)	-
	<hr/>	<hr/>
Total tax (credit)/expense	(11,982)	299,331
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The net deferred tax liability at 30 November 2013 has been calculated based on the rates of 21% and 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Property, plant and equipment

	Plant and Machinery £	Computer equipment £	Motor vehicles £	Fixtures & Fittings £	Total £
Cost					
Balance at 1 December 2011	473,181	231,900	16,755	-	721,836
Acquisitions	2,176	27,195	-	-	29,371
Balance at 30 November 2012	475,357	259,095	16,755	-	751,207
Balance at 1 December 2012	475,357	259,095	16,755	-	751,207
Acquisitions	27,343	31,099	-	66,091	124,533
Balance at 30 November 2013	502,700	290,194	16,755	66,091	875,740
Depreciation and impairment					
Balance at 1 December 2011	362,674	205,864	16,755	-	585,293
Depreciation charge for the year	43,581	20,971	-	-	64,552
Balance at 30 November 2012	406,255	226,835	16,755	-	649,845
Balance at 1 December 2012	406,255	226,835	16,755	-	649,845
Depreciation charge for the year	35,184	19,915	-	7,237	62,336
Balance at 30 November 2013	441,439	246,750	16,755	7,237	712,181
Net book value					
At 1 December 2011	110,507	26,036	-	-	136,543
At 30 November 2012	69,102	32,260	-	-	101,362
At 30 November 2013	61,261	43,444	-	58,854	163,559

Notes (continued)

8 Intangible assets

	Goodwill £
Cost	
Balance at 1 December 2011 and 30 November 2012	10,000
	<hr/>
Balance at 1 December 2012 and 30 November 2013	10,000
	<hr/>
Amortisation and impairment	
Balance at 1 December 2011	6,000
Amortisation for the year	1,000
	<hr/>
Balance at 30 November 2012	7,000
	<hr/>
Balance at 1 December 2012	7,000
Amortisation for the year	3,000
	<hr/>
Balance at 30 November 2013	10,000
	<hr/>
Net book value	
At 1 December 2011	4,000
	<hr/>
At 30 November 2012	3,000
	<hr/>
At 30 November 2013	-
	<hr/>

Notes (continued)

9 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2013 £	2012 £	Liabilities 2013 £	2012 £	Net 2013 £	2012 £
Property, plant and equipment	(32,840)	-	-	-	(32,840)	-
Tax (assets) / liabilities	(32,840)	-	-	-	(32,840)	-
Net of tax liabilities/(assets)	-	-	-	-	-	-
Net tax (assets) / liabilities	(32,840)	-	-	-	(32,840)	-

Movement in deferred tax during the year

	1 December 2012 £000	Recognised in income £000	30 November 2013 £000
Property, plant and equipment	-	(32,840)	(32,840)
	-	(32,840)	(32,840)

10 Inventories

	2013 £	2012 £
Raw materials and consumables	61,108	54,616

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £21,000 (2012: £25,000).

Notes (continued)

11 Trade and other receivables

	2013 £	2012 £
Trade receivables	816,272	1,800,013
Amounts recoverable on contracts debtors	198,675	138,157
Amounts owed by group undertakings	372,460	4,151,884
Prepayments and accrued income	78,870	54,228
Other debtors	4,138	-
	<u>1,470,415</u>	<u>6,144,282</u>

Included within trade and other receivables is £Nil (2012: £Nil) expected to be recovered in more than 12 months.

12 Cash and cash equivalents/ bank overdrafts

	2013 £	2012 £
Cash and cash equivalents per balance sheet	281,984	9,513
Bank overdrafts	-	-
	<u>281,984</u>	<u>9,513</u>
Cash and cash equivalents per cash flow statements	281,984	9,513

13 Trade and other payables

	2013 £	2012 £
Current		
Trade payables	485,114	254,080
Non-trade payables and accrued expenses	250,700	272,110
Payments on account	296,966	384,960
	<u>1,032,780</u>	<u>911,150</u>

14 Employee benefits

Pension plans

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £59,000 (2012: £53,943).

Notes (continued)

15 Capital and reserves

Share capital

In thousands of shares	2013	Ordinary shares 2012
On issue at 1 December and 30 November	500,000	500,000
	<hr/>	<hr/>
	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the period:

	2013 £	2012 £
Final dividend	4,372,827	-
	<hr/>	<hr/>
	4,372,827	-
	<hr/>	<hr/>

16 Financial instruments

16 (a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Notes (continued)

16 Financial instruments (continued)

16 (a) Fair values of financial instruments (continued)

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2013 £	Fair value 2013 £	Carrying amount 2012 £	Fair value 2012 £
IAS 39 categories of financial instruments				
Loans and receivables				
Cash and cash equivalents (note 12)	261,984	261,984	9,513	9,513
Other loans and receivables (note 11)	816,272	816,272	1,800,013	1,800,013
Total financial assets	1,078,256	1,078,256	1,809,526	1,809,520
Financial liabilities measured at amortised cost				
Trade and other payables (note 13)	485,114	485,114	254,080	254,080
Customer payments on account	296,960	296,960	384,960	384,960
Total financial liabilities	782,074	782,074	639,040	639,040

Fair value hierarchy

The carrying amount of all financial instruments is equal to their fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes (continued)

16 Financial instruments (continued)

16 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables customers.

The Company has no significant concentration of credit risk with exposure spread over a number of counter parties and customers.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2013 £	Impairment 2013 £	Gross 2012 £	Impairment 2012 £
Not past due	706,999	-	792,451	-
Past due 0-30 days	52,951	-	571,217	-
Past due 31-60 days	-	-	329,523	-
Past due 61-90 days	-	-	-	-
More than 90 days past due	56,322	-	106,822	-
	<u>816,272</u>	<u>-</u>	<u>1,800,013</u>	<u>-</u>

There was no allowance for impairment in respect of trade receivables in the current or prior year.

16 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company seeks to manage financial risk to ensure sufficient liquidity is available.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £	2013		Carrying amount £	2012	
		Contractual cash flows £	1 year or less £		Contractual cash flows £	1 year or less £
Non-derivative financial liabilities						
Trade and other payables	485,114	485,114	485,114	254,080	254,080	254,080
	<u>485,114</u>	<u>485,114</u>	<u>485,114</u>	<u>254,080</u>	<u>254,080</u>	<u>254,080</u>

Notes (continued)

16 Financial instruments (continued)

16 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Generally, the Group seeks to minimise this risk through cash flow hedges of foreign currency arrangements designed to manage a proportion of the Group's overall exposure.

Sales orders and purchase orders in foreign currencies are covered by forward contracts.

Market risk – Foreign currency risk

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

30 November 2013

	Euro
Cash and cash equivalents	25,000
Trade payables	(23,000)
	<hr/>
Net exposure	2,000
	<hr/>

30 November 2012

	Euro
Cash and cash equivalents	-
Trade payables	(7,720)
	<hr/>
Net exposure	(7,720)
	<hr/>

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2013 £	2012 £
Less than one year	154,777	154,777
	<hr/>	<hr/>
	154,777	154,777
	<hr/>	<hr/>

During the year £154,777 was recognised as an expense in the income statement in respect of operating leases (2012: £154,777).

Notes (continued)

18 Related parties

Identity of related parties with which the Company has transacted

The company has a related party relationship with its parent company, other group companies and with its directors.

Transactions with key management personnel

The compensation of key management personnel was £Nil (2012: £Nil) for the period as disclosed in note 4.

Other related party transactions

	Sales		Purchases and management charges paid	
	2013	2012	2013	2012
	£	£	£	£
Parent	-	-	544,800	91,360
Other related parties – group companies	-	4,981	-	605,142
	<u>-</u>	<u>4,981</u>	<u>544,800</u>	<u>696,502</u>

The balances outstanding with related parties at period end are disclosed in note 11.

19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Parsons Peebles Generation Group Ltd which is the ultimate parent company incorporated in United Kingdom. The ultimate controlling party is Clyde Blowers Capital Fund III LP.

The largest group in which the results of the Company are consolidated is that headed by Parsons Peebles Generation Group Limited. The consolidated financial statements of these groups are available to the public and may be obtained from 1 Redwood Crescent, Peel Park, East Kilbride, G74 5PA.

20 Accounting estimates and judgements

The preparation of the consolidated financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas requiring the directors to make judgements, estimates and assumptions are highlighted in these accounting policies and throughout the notes to the consolidated financial statements. Key estimates and judgement areas are as follows:

Amounts recoverable on contracts

The recoverability of amounts recoverable on contracts are kept under constant review (refer to note 11).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and to select a suitable discount rate in order to calculate the present value.

Notes *(continued)*

21 Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 November 2013, the comparative information presented in these financial statements for the year ended 30 November 2012 and in the preparation of an opening IFRS balance sheet at 1 December 2011 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). The Company identified no material adjustments required in the opening IFRS balance sheet from its old basis of accounting (UK GAAP).