

REGISTRAR

Company Number 3378611

**Deloitte
& Touche**

THE WIND FUND (BEOCHLICH) LIMITED

Report and Financial Statements

31 December 1999

**Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**



REPORT AND FINANCIAL STATEMENTS 1999

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Saunders
T Kirby
S Roberts

SECRETARY

M Robinson (resigned 14 January 2000)
A Faria (appointed 14 January 2000, resigned 20 March 2000)
S Roberts (appointed 20 March 2000)

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

BANKERS

Triodos Bank
Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

SOLICITORS

TLT Solicitors
Bush House
72 Prince Street
Bristol
BS99 7JZ

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the development and operation of a small-scale hydro-electric project at Balliemeanoch, Argyll.

On 22 January 1998, The Wind Fund (Beochlich) Limited entered into agreements to purchase and develop a hydro-electric project from EHS Group International Limited and Caledonian Energy Limited. These agreements give the company the right to design, construct and operate the project.

The Wind Fund (Beochlich) Limited began operation of the hydro-electric project on 4 February 1999. It subsequently experienced difficulties with the construction contractor failing to complete the final phase of construction on schedule. Operation has continued in spite of this though the project suffered a lightning strike in September 1999, which resulted in a lengthy repair programme, which was successfully completed in early December 1999. Further improvements to the control system and the completion of the dam are planned for 2000.

The Directors consider that the company is well placed to perform satisfactorily in the future.

RESULTS

The company has incurred capital expenditure of £16,343 (1998: £1,325,405) in development of the project the last phase of which, the construction of a dam, is expected to be completed in August 2000.

A retained loss of £ 124,628 (1998: £1,058) was incurred in the year. This amount has been transferred from reserves.

DIRECTORS

The directors who served during the year were as follows:

G Saunders
T Kirby
S Roberts (appointed 8 June 1999)
M Robinson (resigned 14 January 2000)

DIRECTORS' INTERESTS IN SHARES

None of the directors held any interests in the share capital of the company at the beginning and end of the financial year. Interests in the share capital of the parent company, The Wind Fund plc, are disclosed in that company's financial statements.

YEAR 2000

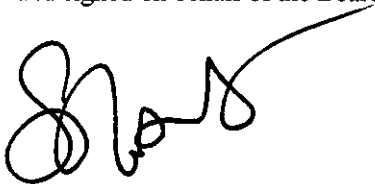
No problems associated with year 2000 software compliance have been experienced since 31 December 1999. No further costs in respect of year 2000 are expected to be incurred, although the directors continue to be alert to any further issues that may arise.

DIRECTORS' REPORT (continued)

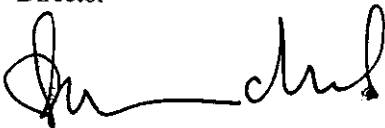
AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'S Roberts', with a long, sweeping horizontal line extending to the right.

S Roberts
Director

A handwritten signature in black ink, appearing to be 'G Saunders', with a long, sweeping horizontal line extending to the right.

G Saunders
Director

5 July 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period. In preparing those 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 applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**AUDITORS' REPORT TO THE MEMBERS OF
THE WIND FUND (BEOCHLICH) LIMITED**

We have audited the financial statements on pages 6 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

12 July 2000

Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	Continuing operations	
		1999	1998
		£	£
TURNOVER		59,730	-
Cost of sales		(88,751)	-
GROSS LOSS		(29,021)	-
Administrative expenses		(30,089)	(1,058)
OPERATING LOSS		(59,110)	(1,058)
Interest receivable		2,295	-
Interest payable and similar charges	3	(67,813)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(124,628)	(1,058)
Taxation on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR	2	(124,628)	(1,058)

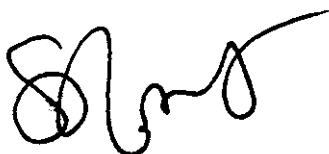
There are no other recognised gains or losses for the current financial year or the preceding financial year and accordingly no statement of recognised gains and losses is presented.

BALANCE SHEET
At 31 December 1999

	Note	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible fixed assets	5		1,280,086		1,325,405
CURRENT ASSETS					
Debtors	6	6,573		79,723	
Cash at bank and in hand		76,371		836	
		82,944		80,559	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(129,769)		(132,061)	
NET CURRENT LIABILITIES			(46,825)		(51,502)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,233,261		1,273,903
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		(884,447)		(800,461)
NET ASSETS			348,814		473,442
CAPITAL AND RESERVES					
Called up share capital	10		474,500		474,500
Profit and loss account	11		(125,686)		(1,058)
EQUITY SHAREHOLDERS' FUNDS	12		348,814		473,442

These financial statements were approved by the Board of Directors on 5 July 2000

Signed on behalf of the Board of Directors



S Roberts
Director



G Saunders
Director

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover which is stated net of value added tax represents amounts invoiced in relation to the company's principal activity in the UK.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	5% per annum
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Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. LOSS FOR THE FINANCIAL YEAR

	1999 £	1998 £
Loss for the financial year is stated after charging:		
Auditors' remuneration	2,500	1,000
Depreciation	61,662	-
Other operating leases	10,088	-
	<u>64,250</u>	<u>-</u>

The remuneration of the directors was paid by and is dealt with in the accounts of The Wind Fund plc. It is not practicable to allocate their remuneration between their services as directors of The Wind Fund plc and their services as directors of other companies within The Wind Fund plc group.

The company does not have any employees.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Loans repayable after more than five years	67,813	-
	<u>67,813</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

4. TAXATION

There is no tax charge due to the non-recognition of a deferred tax asset.

5. TANGIBLE FIXED ASSETS

	Plant and equipment £
Cost	
At 1 January 1999	1,325,405
Additions	16,343
	<hr/>
At 31 December 1999	1,341,748
	<hr/>
Accumulated depreciation	
At 1 January 1999	-
Provisions for year	61,662
	<hr/>
At 31 December 1999	61,662
	<hr/>
Net book value	
At 31 December 1999	1,280,086
	<hr/> <hr/>
At 31 December 1998	1,325,405
	<hr/> <hr/>

6. DEBTORS

	1999 £	1998 £
Trade debtors	4,128	-
Other debtors	598	79,723
Prepayments and accrued income	1,847	-
	<hr/>	<hr/>
	6,573	79,723
	<hr/> <hr/>	<hr/> <hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans	74,781	46,321
Trade creditors	38,208	-
Accruals and deferred income	16,780	85,740
	<hr/>	<hr/>
	129,769	132,061
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

8. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	1999 £	1998 £
Bank loan	884,447	778,494
Trade creditors	-	21,967
	<u>884,447</u>	<u>800,461</u>

9. LOANS NOT WHOLLY REPAYABLE WITHIN FIVE YEARS	1999 £	1998 £
Bank loans		
Amounts repayable:		
- in less than one year	74,781	46,321
- between one year and two years	80,606	60,078
- between two years and five years	283,416	214,016
- in more than five years	520,425	504,400
	<u>959,228</u>	<u>824,815</u>

The loan is secured by a fixed and floating charge over all the assets and undertaking of the company. It is repayable in monthly instalments over ten years, and incurs interest currently at 2.25 per cent over Royal Bank of Scotland base rate.

10. CALLED UP SHARE CAPITAL	1999 No.	£
Authorised		
Ordinary shares of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
	1999 £	1998 £
Called up and allotted		
Ordinary shares of £1 each	474,500	474,500
	<u>474,500</u>	<u>474,500</u>

11. PROFIT AND LOSS ACCOUNT	£
At 1 January 1999	(1,058)
Loss for the financial year	(124,628)
	<u>(125,686)</u>
At 31 December 1999	<u>(125,686)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

12. RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999 £	1998 £
Loss for the financial year	(124,628)	(1,058)
New share capital subscribed	-	474,498
Net additions to shareholders' funds	(124,628)	473,440
Shareholders' funds at 1 January	473,442	2
Shareholders' funds at 31 December	348,814	473,442

13. CAPITAL COMMITMENTS	1999 £	1998 £
At 31 December 1999, the company was committed to the following capital expenditure	-	86,047

14. OPERATING LEASE COMMITMENTS

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases

Land and buildings	1999 £	1998 £
Leases which expire - over five years	12,500	-

15. RELATED PARTY TRANSACTIONS

Under the terms of the 'Provision for Administrative Services Agreement' entered into between Triodos Bank, an associate of Triodos Deelnemingen BV and its parent company, The Wind Fund PLC, Triodos Bank is responsible for handling all the administrative running of the company.

During 1998, Triodos Bank received fees of £5,000 in respect of project management fees. This amount is still included in creditors at 31 December 1999.

As a wholly owned subsidiary of The Wind Fund plc, The Wind Fund (Beochlich) Limited, has taken advantage of the exemption from the requirement to disclose related party transactions with The Wind Fund plc.

16. PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard The Wind Fund plc, a company registered in Great Britain, as the company's parent undertaking and controlling party. Copies of The Wind Fund plc's financial statements can be obtained from the company secretary at Brunel House, 11 The Promenade, Clifton, Bristol, BS8 3NN.