

THE WIND FUND (BEOCHLICH) LIMITED

Report and Financial Statements

31 December 2000

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



REPORT AND FINANCIAL STATEMENTS 2000

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T Kirby
S Roberts
G Saunders

SECRETARY

S Roberts (appointed 20 March 2000, resigned 5 June 2000)
R Tutin (appointed 5 June 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 2000.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

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

A new Operations and Maintenance Manager for the project was appointed with effect from 1 June 2000. Electricity production was up by 51% in 2000 compared with 1999 but has still not reached predicted levels. Following the installation of a full SCADA system at the end of 2000 and analysis of its output, further improvements to the control system are planned for 2001.

Costs and production losses resulting from damage caused by a lightning strike in September 1999 were successfully recovered from insurers during 2000.

Construction of the storage dam, which had not been undertaken by the original construction contractor, was initiated in July 2000, supported by a loan from The Wind Fund plc. Completion was postponed until April 2001 after heavy rainfall caused the failure of a temporary diversion bund in early September.

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

RESULTS

A retained loss of £59,607 (1999: £124,628) was incurred in the year. This amount has been transferred from reserves.

The directors do not recommend the payment of a dividend (1999: nil).

DIRECTORS

The directors who served during the year were as follows:

T Kirby
S Roberts
G Saunders

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.

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', written in a cursive style.

S Roberts
Director

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 13 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

27 July 2001

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	Continuing operations	
		2000	1999
		£	£
TURNOVER	1	119,428	59,730
Cost of sales		(74,880)	(88,751)
GROSS PROFIT/(LOSS)		44,548	(29,021)
Administrative expenses		(8,823)	(30,089)
OPERATING PROFIT/(LOSS)	2	35,725	(59,110)
Interest receivable		4,012	2,295
Interest payable and similar charges	4	(78,242)	(67,813)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(38,505)	(124,628)
Tax on loss on ordinary activities	5	(21,102)	-
LOSS FOR THE FINANCIAL YEAR	13	(59,607)	(124,628)

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 2000

	Note	2000	1999
		£	(Restated - see note 1) £
FIXED ASSETS			
Tangible fixed assets	6	1,382,022	1,280,086
CURRENT ASSETS			
Debtors	7	46,121	6,573
Cash at bank and in hand		19,105	2,871
Investments		73,500	73,500
		138,726	82,944
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(133,178)	(129,769)
NET CURRENT ASSETS/(LIABILITIES)		5,548	(46,825)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,387,570	1,233,261
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(1,077,261)	(884,447)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	11	(21,102)	-
NET ASSETS		289,207	348,814
CAPITAL AND RESERVES			
Called up share capital	12	474,500	474,500
Profit and loss account	13	(185,293)	(125,686)
EQUITY SHAREHOLDERS' FUNDS	14	289,207	348,814

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



S Roberts
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

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
---------------------	--------------

Assets in the course of construction are not depreciated.

Investments

Current asset investments represent cash held on deposit.

Cash flow statement

The company is exempt from the requirement of FRS 1 to produce a cash flow statement since it is a wholly owned subsidiary of a parent company which produces group accounts incorporating a consolidated cash flow statement.

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.

Restatement of comparatives

Cash held on deposit has been reclassified as a current asset investment.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

2. OPERATING PROFIT/(LOSS)

	2000	1999
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	4,550	2,500
Depreciation	67,278	61,662
Other operating leases	8,057	10,088
	<u> </u>	<u> </u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
The emoluments of directors of the company were:		
Directors' emoluments	-	-
	<u> </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.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank interest	171	-
Loans repayable after more than five years	75,982	67,813
Interest payable to other group companies	2,090	-
	<u>78,242</u>	<u>67,813</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Deferred taxation	21,102	-
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000**6. TANGIBLE FIXED ASSETS**

	Assets in the course of construction £	Plant and machinery £	Total £
Cost			
At 1 January 2000	-	1,341,748	1,341,748
Additions	169,214	-	169,214
At 31 December 2000	169,214	1,341,748	1,510,962
Accumulated depreciation			
At 1 January 2000	-	61,662	61,662
Provisions for year	-	67,278	67,278
At 31 December 2000	-	128,940	128,940
Net book value			
At 31 December 2000	169,214	1,212,808	1,382,022
At 31 December 1999	-	1,280,086	1,280,086

7. DEBTORS

	2000 £	1999 £
Trade debtors	5,200	4,128
Other debtors	19,924	598
Prepayments and accrued income	20,997	1,847
	46,121	6,573

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans	79,330	74,781
Trade creditors	7,686	38,208
Accruals and deferred income	46,162	16,780
	133,178	129,769

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

9.	CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	2000 £	1999 £
	Bank loan	806,671	884,447
	Other loans	268,500	-
	Amounts owed to group undertakings	2,090	-
		<u>1,077,261</u>	<u>884,447</u>

10.	LOANS NOT WHOLLY REPAYABLE WITHIN FIVE YEARS	2000 £	1999 £
	Bank loans		
	Amounts repayable:		
	- in less than one year	79,330	74,781
	- between one year and two years	86,127	80,606
	- between two years and five years	305,249	283,416
	- in more than five years	415,295	520,425
		<u>886,001</u>	<u>959,228</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.

Other loans	£	£
Amounts payable:		
- in less than one year	17,323	-
- between one and two years	34,645	-
- between two and five years	103,935	-
- in more than five years	112,597	-
	<u>268,500</u>	<u>-</u>

This comprises two unsecured loans from The Wind Fund plc. The first is for £73,500 repayable only with the agreement of Triodos Bank NV and is interest free. The second is for £195,000 repayable on 28 February 2009 with the agreement of Triodos Bank NV and incurring simple interest at 2.5% over The Bank of England base rate.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000**11. PROVISIONS FOR LIABILITIES AND CHARGES**

	At 1 January 2000 £	Charged to profit and loss account £	At 31 December 2000 £
Deferred taxation	-	21,102	21,102
The amount of deferred taxation provided is as follows:			
		2000 £	1999 £
Accelerated capital allowances		79,530	-
Trading losses		(58,428)	-
		21,102	-

There is no unprovided deferred taxation for 1999 and 2000.

12. CALLED UP SHARE CAPITAL

	1999 and 2000	
	No.	£
Authorised		
Ordinary shares of £1 each	500,000	500,000
	No.	£
Called up and allotted		
Ordinary shares of £1 each	474,500	474,500

13. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2000	(125,686)
Loss for the financial year	(59,607)
At 31 December 2000	(185,293)

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

14.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000 £	1999 £
	Loss for the financial year	(59,607)	(124,628)
	Net reduction in shareholders' funds	(59,607)	(124,628)
	Opening shareholders' funds	348,814	473,442
	Closing shareholders' funds	289,207	348,814

15.	CAPITAL COMMITMENTS	2000 £	1999 £
	At 31 December 2000, the company was committed to the following capital expenditure	145,000	-

16. OPERATING LEASE COMMITMENTS

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases.

Land and buildings	2000 £	1999 £
Leases which expire - over five years	7,500	12,500

17. 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 2000.

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.

18. 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.