



**EDF ENERGY (NORTHERN OFFSHORE WIND) LIMITED
(FORMERLY NORTHERN OFFSHORE WIND LIMITED)**

Registered Number 4140289

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2003



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Directors

Humphrey A E Cadoux-Hudson
Christopher J Daniels
Angus T Norman

Company Secretary

Robert I Higson

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

40 Grosvenor Place
Victoria
London
SW1X 7EN

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2003. The Company changed its name from Northern Offshore Wind Limited to EDF Energy (Northern Offshore Wind) Limited on 30 June 2003.

Principal activity and review of the business

The Company's principal activity during the year continued to be the development of an offshore wind farm, which when completed will be followed by construction and operation of this power generation facility.

At year-end the Directors made a decision to write-off all costs incurred to 31 December 2003 relating to assets in the course of construction. Future costs will continue to be written-off until the Directors believe a commercially viable technological advancement has been achieved.

Results and dividends

The loss for the year, after taxation, amounted to £1,037,224 (2002: £Nil). The Directors recommend that no dividend be paid for the year (2002: £Nil).

Future developments

Future developments may include all the engineering and commercial supporting activities associated with operating on-shore and off-shore windfarms.

Directors and their interests

Directors who held office during the year and subsequently were as follows:

Humphrey A E Cadoux-Hudson	(Appointed 1 April 2003)
Paul A Cuttill	(Resigned 1 April 2003)
Christopher J Daniels	(Appointed 1 April 2003)
Angus T Norman	

None of the Directors has a service contract with the Company. All the Directors are employed by the intermediate parent company, EDF Energy plc (formerly London Electricity Group plc), and have service contracts with that company.

There were no contracts of significance during or at the end of the financial year in which a Director of the Company was materially interested.

None of the Directors who held office at the end of the financial year had an interest in the shares of the Company or any other Group company.

Creditors payment policy

The Company's current policy concerning the payment of the majority of its trade creditors and other suppliers is to:

- settle the terms of payment with those creditors/suppliers when agreeing the terms of each transaction;
- ensure that those creditors/suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with its contractual and other legal obligations.

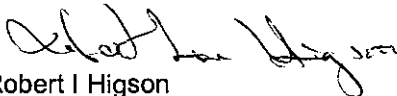
The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception. The Company had no trade creditors outstanding at year-end (2002: Nil).

DIRECTORS' REPORT Continued

Going concern

The accounts have been prepared under the going concern concept because EDF Energy plc (formerly London Electricity Group plc), the intermediate parent company, has agreed to continue to support the Company financially and not to recall amounts advanced to the Company until the claims of all creditors have been met.

By order of the Board



Robert I Higson
Company Secretary
Date 21 MAY 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 and of the profit or 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.

The Directors confirm that they have complied with these requirements and having a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDF ENERGY (NORTHERN OFFSHORE WIND) LIMITED (FORMERLY NORTHERN OFFSHORE WIND LIMITED)

We have audited the Company's financial statements for the year ended 31 December 2003 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

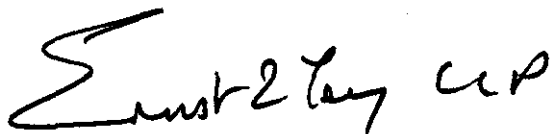
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDF ENERGY (NORTHERN OFFSHORE WIND) LIMITED (FORMERLY NORTHERN OFFSHORE WIND LIMITED) Continued

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the auditor.

Ernst & Young LLP
Registered Auditor
London

Date 21 MAY 2004

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<i>Note</i>	2003 £	2002 £
Net operating costs and administrative expenses		(1,037,224)	-
Operating loss on ordinary activities before taxation	2	(1,037,224)	-
Tax on loss on ordinary activities		-	-
Loss retained for the financial year	10	(1,037,224)	-

There were no recognised gains or losses other than the loss of £1,037,224 for the year ended 31 December 2003 (2002: £Nil).

EDF ENERGY (NORTHERN OFFSHORE WIND) LIMITED
(FORMERLY NORTHERN OFFSHORE WIND LIMITED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2003

BALANCE SHEET
AT 31 DECEMBER 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	-	130,977
Total fixed assets		-	130,977
Current assets			
Debtors falling due within one year	5	31,330	1,661
Debtors falling due after more than one year	6	200,000	300,000
Total current assets		231,330	301,661
Creditors (amounts falling due within one year)	7	(1,068,454)	(132,638)
Net current (liabilities)/assets		(837,124)	169,023
Total assets less current liabilities		(837,124)	300,000
Creditors (amounts falling due after more than one year)	8	(200,000)	(299,900)
Net (liabilities)/assets		(1,037,124)	100
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(1,037,224)	-
Equity shareholder's funds	10	(1,037,124)	100

The financial statements on pages 7 to 12 were approved by the Board of Directors on 21 MAY 2004 and were signed on its behalf by:



Christopher J Daniels
Director



Humphrey A E Cadoux-Hudson
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

Fundamental accounting concepts

The accounts have been prepared under the going concern concept because EDF Energy plc (formerly London Electricity Group plc), the intermediate parent company, has agreed to continue to support the Company financially and not to recall amounts advanced to the Company until the claims of all creditors have been met.

Cash flow statement

The Company is exempt from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)' as it is a member of a group which produces publicly available financial statements.

Tangible fixed assets

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, this is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or eliminated by capital losses.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is not measured on a discounted basis.

NOTES TO THE FINANCIAL STATEMENTS Continued

2. Operating loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Write-off of fixed assets	1,037,244	-

Auditors' remuneration is borne by EDF Energy (Energy Branch) plc (formerly London Power Company plc).

3. Directors' emoluments

All Directors are employees of EDF Energy plc (formerly London Electricity Group plc) and did not receive any remuneration from the Company during the year.

4. Tangible fixed assets

	Assets in the course of construction £
Cost	
At 1 January 2003	130,977
Additions	906,247
Write-off	(1,037,224)
At 31 December 2003	-
Depreciation	
At 1 January 2003	-
Charge for the year	-
At 31 December 2003	-
Net book amount	
At 31 December 2003	-
At 31 December 2002	130,977

5. Debtors falling due within one year

	2003	2002
	£	£
Other taxes	31,330	1,661

NOTES TO THE FINANCIAL STATEMENTS Continued

6. Debtors falling after more than one year

	2003 £	2002 £
Crown Estates	200,000	300,000

7. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	887,104	48,452
Amounts owed to other Group companies	41,595	40,294
Accruals	139,755	43,892
	1,068,454	132,638

8. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to other Group companies	200,000	299,900

9. Called up share capital

Authorised			2003 £	2002 £
100 Ordinary shares of £1 each			100	100
Allotted, called up and fully paid				
	2003 Number	2002 Number	2003 £	2002 £
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS Continued

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 January 2002	100	-	100
Loss retained for the financial year	-	-	-
At 31 December 2002	100	-	100
Loss retained for the financial year	-	(1,037,224)	(1,037,224)
At 31 December 2003	100	(1,037,224)	(1,037,124)

11. Related parties

In accordance with FRS 8 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

12. Parent undertaking and controlling party

EDF Energy (Energy Branch) plc (formerly The London Power Company plc) holds a 100% interest in EDF Energy (Northern Offshore Wind) Limited and is considered to be the immediate parent company. EDF Energy plc (formerly London Electricity Group plc) is the smallest group for which consolidated financial statements are prepared.

At 31 December 2003 'Electricité de France' (EdF), a French state owned company is regarded by the Directors as the Company's ultimate parent company. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.