



EDF ENERGY (NORTHERN OFFSHORE WIND) LIMITED

Registered Number 4140289

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2006

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Directors

Humphrey A E Cadoux-Hudson
Martin Lawrence

Company Secretary

Robert Ian Higson

Auditors

Deloitte & Touche LLP
London

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 2006

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. It will continue in this activity for the foreseeable future.

Results and dividends

The loss for the year, before taxation, amounted to £375,879 (2005 £536,459) and after taxation, to a loss of £238,217 (2005 £157,876). The Company doesn't generate revenue as it is in the development stage of the wind farm. Pre-development costs are written off as incurred. Future costs will continue to be written-off until the Directors believe a commercially viable technological advancement has been achieved.

The loss before tax has decreased by 30% to £375,879 (2005 £536,459). In addition, the corporation tax credit for the year decreased 64%, consequentially, net loss of the Company has increased by 51%.

The balance sheet on page 7 of the financial statements shows that the Company's net liability position at year-end has increased from £1,698,688 at 31 December 2005 to £1,936,905 at 31 December 2006.

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
Christopher J Daniels
Martin Lawrence

(resigned 9 March 2007)
(appointed 9 March 2007)

None of the Directors has a service contract with the Company. They are all employed by the parent company, EDF Energy plc, and have service contracts with that company.

There are 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 any interest in the shares of the Company or any other Group company in either year which are required to be disclosed under Schedule 7A of the Companies Act 1985.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Financial risk management

The Company is not exposed to any significant price, currency or interest rate risk.

The Company's exposure to credit and liquidity risk is reduced as it is a 100% subsidiary of the EDF Energy Group of Companies. Credit risk is mitigated by the nature of the debtor balances owed, with these due from other Group companies who are able to repay these if required and liquidity risk is mitigated by the financial support given by EDF Energy plc, a fellow Group company.

DIRECTORS' REPORT Continued

Creditors payment policy

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

- agree 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, and
- 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. At 31 December 2006, the Company had an average of 3 days (2005 - 30 days) purchases outstanding in its trade creditors

Going concern

The financial statements have been prepared under the going concern concept because EDF Energy 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

Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

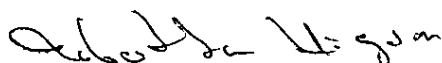
- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

Deloitte & Touche LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985

By order of the Board



Robert Ian Higson
Company Secretary

Date

10th July 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

United Kingdom Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 proper accounting records that 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 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.

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

We have audited the financial statements of EDF Energy (Northern Offshore Wind) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. These financial statements have been prepared under 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
Date 10 July 2007

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<i>Notes</i>	2006 £	2005 £
Administrative expenses		(375,879)	(536,459)
Operating loss	2	(375,879)	(536,459)
Loss on ordinary activities before taxation		(375,879)	(536,459)
Tax credit on loss on ordinary activities	4	137,662	378,583
Retained loss for the financial year	8	(238,217)	(157,876)

There were no recognised gains or losses in either year other than the loss for that year and accordingly no statement of total recognised gains or losses is presented

All results are from continuing operations

**BALANCE SHEET
AT 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Current assets			
Debtors amounts falling due within one year	5	740,466	598,852
Debtors amounts falling due after more than one year	5	200,000	200,000
Total current assets		940,466	798,852
Creditors amounts falling due within one year	6	(2,877,371)	(2,497,540)
Net current liabilities		(1,936,905)	(1,698,688)
Net liabilities		(1,936,905)	(1,698,688)
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	(1,937,005)	(1,698,788)
Equity shareholder's deficit	8	(1,936,905)	(1,698,688)

The financial statements on pages 6 to 11 were approved by the Board of Directors on 10th July 2007 and were signed on its behalf by

Martin Lawrence
Director

Humphrey A E Cadoux-Hudson
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. Accounting policies

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

These financial statements have been prepared on a consistent basis under the historical cost convention and in accordance with applicable laws and United Kingdom accounting standards.

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 headed by EDF Energy plc, whose consolidated financial statements include a cash flow statement and will be publicly available (note 10).

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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, there 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, and
- 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 measured on an undiscounted basis.

Research and development

Expenditure on research and development is written off to the profit and loss account during the period in which it is incurred.

2. Operating loss

	2006 £	2005 £
This operating loss for the year is stated after charging		
Research and development	375,267	489,475

In 2006 an amount of £7,500 (2005: £7,262) was paid to Deloitte & Touche LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2006, amounts payable to Deloitte & Touche LLP by the Company in respect of non-audit services were nil (2005: £nil).

There were no employees in either the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS Continued

3. Directors' emoluments

All Directors are employees of EDF Energy plc and did not receive any remuneration for services to the Company during the year or preceding year

4. Tax on loss on ordinary activities

(a) Analysis of tax credit in the year

UK current tax

	2006 £	2005 £
UK corporation tax credit on loss for the year	(192,551)	(275,131)
Adjustment in respect of previous years	54,889	(103,452)
Total current tax credit (note 4(b))	(137,662)	(378,583)

(b) Factors affecting tax credit for the year

	2006 £	2005 £
The tax assessed for the period is higher (2005 higher) than the standard rate of corporation tax in the UK (30%)		
The differences are explained below		
Loss on ordinary activities before tax	(375,879)	(536,459)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK	(112,764)	(160,938)
Effect of Permanent differences	(79,787)	(114,193)
Adjustment in respect of previous years	54,889	(103,452)
Current tax credit for the period	(137,662)	(378,583)

NOTES TO THE FINANCIAL STATEMENTS Continued

5 Debtors

	2006 £	2005 £
Debtors. amounts falling due within one year		
Value added tax	8,354	4,402
Corporation tax (Group payments)	732,112	594,450
	740,466	598,852
Debtors: amounts falling due after more than one year		
Crown Estates	200,000	200,000
	940,466	798,852

6 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdrafts	2,807,922	2,369,057
Trade creditors	3,190	659
Amounts owed to other Group companies	-	40,984
Accruals	66,259	86,840
	2,877,371	2,497,540

Bank overdrafts represent the Company's portion of the Group's pooled bank account, and as such are supported by EDF Energy plc

7. Share capital

Authorised

	2006 Number	2005 Number	2006 £	2005 £
Ordinary shares of £1 each	100	100	100	100

Allotted, called up and fully paid

	2006 Number	2005 Number	2006 £	2005 £
Ordinary shares of £1 each	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS Continued

8. Reconciliation of shareholder's deficit and movement on reserves

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2005	100	(1,540,912)	(1,540,812)
Loss for the year	-	(157,876)	(157,876)
At 31 December 2005	100	(1,698,788)	(1,698,688)
Loss for the year	-	(238,217)	(238,217)
At 31 December 2006	100	(1,937,005)	(1,936,905)

9. Related parties

In accordance with FRS 8 'Related parties 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 which prepares consolidated financial statements which are publicly available (note 10)

10. Parent undertaking and controlling party

EDF Energy (Energy Branch) plc holds a 100% interest in EDF Energy (Northern Offshore Wind) Limited and is considered to be the immediate parent company. EDF Energy plc heads the smallest group for which consolidated financial statements are prepared which include the results of the Company. Copies of that company's consolidated financial statements may be obtained from the registered office shown on page 1.

At 31 December 2006, Electricité de France SA ("EDF"), a company incorporated in France is regarded by the Directors as the Company's ultimate parent company and controlling party. 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.