

**Registered Number: 06707821**

**GLID Wind Farms TopCo Limited**

**Annual report and financial statements  
For the year ended 31 December 2011**

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# **GLID Wind Farms TopCo Limited**

## **Annual report and Financial Statements for the year ended 31 December 2011**

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# **GLID Wind Farms TopCo Limited**

## **Directors' report for the year ended 31 December 2011**

The Directors present their report and the audited consolidated financial statements of GLID Wind Farms TopCo Limited ("the Company") for the year ended 31 December 2011

### **Principal activities**

The principal activity of the Company and its subsidiaries ("the Group") is the operation of the Lynn, Inner Dowsing and Glens of Foudland wind farms

### **Review of business and future developments**

On 16 December 2010, the Company's members gave their approval for a capital reduction that was registered with Companies House on 11 January 2011 with the capital reduction becoming effective from this point. This adjustment resulted in the reduction of share capital of the Company from £187,151,998 to £500,000 by cancelling and extinguishing 186,651,998 issued ordinary shares pursuant to section 641(1)(a) of the Companies Act 2006. This created an additional distributable reserve of £186,651,998.

Commercial generation is expected to continue for the foreseeable future at its subsidiary companies' wind farms.

### **Principal risks and uncertainties**

The Group's principal risk which is a known feature of wind farms is revenue certainty. Revenue is dependent on wind speeds and the related power curve which impact the potential generation of the wind farm. The availability is driven by the technical performance of the wind turbines and ancillary equipment, and the physical access to the wind farms. The power generated is sold under fixed price power purchase agreements. However, Renewable Obligation Certificates ("ROCs"), and Levy Exemption Certificates ("LECs") awarded based on production have variable prices. Revenue uncertainty impacts the Group's ability to make loan repayments and to pay dividends when appropriate.

An industry review identified certain issues associated with the widely used foundation design that has been used on all turbines at the Lynn and Inner Dowsing wind farms. The board have approved a rectification solution which is expected to be implemented in 2012.

The Company's lenders have confirmed to the Company that they reserve their position under the loan facility agreement should the seriousness of the issue be such that an event of default is determined to have occurred. Following due process, the Directors do not consider that a default or an event of default has occurred in this regard.

### **Risk management**

The Directors have established objectives and policies for managing financial risks to enable the Group to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed. The most significant risks faced by the Group in 2011 related to liquidity risk, counterparty credit risk, foreign exchange risk and electricity price risk all of which arise in the Group's normal course of business.

- The Group is project financed via a bank syndicate, the facilities of which are subject to a Loan Facility Agreement ("LFA")
- The Group is subject to certain ratio and covenant tests at June and December each year as well as needing to comply with other obligations in the LFA
- In order to review available liquidity and early indication of any issues in respect of the LFA covenant compliance, cash forecasts for the Group are produced and reviewed monthly
- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Credit risk is predominantly limited to exposures with British Gas Trading Limited, a related Centrica group company
- The Group is exposed to fluctuating exchange rates on some of its maintenance contracts. The Group's policy is to actively manage this risk by taking forward foreign exchange contracts to match with the forecast foreign exchange expenditures

## **GLID Wind Farms TopCo Limited**

### **Directors' report for the year ended 31 December 2011 (continued)**

#### **Risk management (continued)**

- In respect of electricity price risk, the Group has entered into power purchase agreements ("PPAs") with British Gas Trading Limited to sell power until September 2024, with prices fixed until September 2013

The Group does not take part in hedging of any kind, other than with respect to foreign currency risk and interest rate swaps

#### **Key performance indicators ("KPIs")**

The Directors formally convene bi-monthly board meetings. The board meetings' standing agenda items provide a review of key performance metrics covering health, safety and the environment, operations and maintenance activity and financial performance.

Management meetings are held in months when a board meeting does not take place to review similar reports to the standing agenda items for the board meetings.

The following KPIs are monitored in the monthly management accounts: generation, availability, load factor, revenue £/MWh and opex £/MWh.

#### **Results and dividends**

The results of the Group are set out on page 6. The consolidated profit on ordinary activities after taxation for the year was £2,208,000 (2010: loss of £13,331,000). The consolidated profit on ordinary activities before taxation for the year was £1,918,000 (2010: loss of £17,568,000). No dividends were declared or paid for the year (2010: £nil).

#### **Financial position**

The financial position of the Company and of the Group is presented in the balance sheet on page 7. Shareholders' funds of the Company at 31 December 2011 were £70,261,000 (2010: £78,779,000), and of the Group were £74,001,000 (2010: £71,793,000).

#### **Political and charitable donations**

The Group made charitable donations of £38,299 during the year (2010: £35,637). The Group did not make any political donations during the year (2010: £nil).

#### **Creditor payment policy**

It is the Group's policy to

- agree the terms of payment in advance with the supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with contractual and other legal obligations.

Trade creditors at 31 December 2011 represented 18 days of purchases (31 December 2010: 64 days).

# **GLID Wind Farms TopCo Limited**

## **Directors' report for the year ended 31 December 2011 (continued)**

### **Directors**

The following served as directors during the year and up to the date of signing this report

### **Date of appointment**

J-D W Borgeaud

T Hinton

K A Talbot

A S Thompson

S R Hayden (alternate to J-D W Borgeaud and K A Talbot)

S P Redfern (alternate to A S Thompson)

R M McCord (alternate to T Hinton)

27 March 2012

### **Directors' and officers' liability**

The Directors representing Centrica plc's interest are covered by Centrica plc's directors' and officers' liability insurance. The Directors from EIG Global Energy Partners and other officers relied on a specific insurance policy renewed annually by the Company. The insurances do not provide cover in the event that the director is proved to have acted fraudulently or unlawfully.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual 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 the Directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and the Company and of the profit or loss of the Group 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 accounting 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,
- 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 the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **GLID Wind Farms TopCo Limited**

### **Directors' report for the year ended 31 December 2011 (continued)**

#### **Disclosure of information to auditors**

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information

#### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 23 May 2012



For and on behalf of  
Centrica Secretaries Limited  
Company Secretary

Company registered in England and Wales No 06707821

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **GLID Wind Farms TopCo Limited**

## **Independent auditors' report to the members of GLID Wind Farms TopCo Limited**

We have audited the Group and parent company financial statements ("the financial statements") of GLID Wind Farms TopCo Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2011 and of the Group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Sam Taylor (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

## GLID Wind Farms TopCo Limited

### Consolidated profit and loss account for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
<b>Turnover</b>		<b>77,574</b>	<b>58,858</b>
Cost of sales		(31,345)	(31,273)
<b>Gross profit</b>		<b>46,229</b>	<b>27,585</b>
Administration expenses		(10,245)	(10,654)
<b>Operating profit</b>	3	<b>35,984</b>	<b>16,931</b>
Interest receivable and similar income	7	285	306
Interest payable and similar charges	7	(34,351)	(34,805)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,918</b>	<b>(17,568)</b>
Tax credit on profit/(loss) on ordinary activities	8	290	4,237
<b>Net profit/(loss) for the year</b>	18	<b>2,208</b>	<b>(13,331)</b>

The Group has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented

There is no material differences between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated and their historical cost equivalents

All activities relate to continuing operations

The notes on pages 9 to 27 form part of these financial statements



# GLID Wind Farms TopCo Limited

## Balance sheets as at 31 December 2011

		Group	Group	Company	Company
		2011	2010	2011	2010
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible fixed assets	9	-	-	-	-
Tangible fixed assets	10	422,398	442,010	-	-
Investment in subsidiary undertakings	11	-	-	126,700	126,700
		<u>422,398</u>	<u>442,010</u>	<u>126,700</u>	<u>126,700</u>
<b>Current assets</b>					
Debtors	12	46,362	37,743	277,944	299,692
Cash at bank and in hand		26,003	39,681	25,873	39,551
		<u>72,365</u>	<u>77,424</u>	<u>303,817</u>	<u>339,243</u>
<b>Creditors - amounts falling due within one year</b>	13	(41,802)	(57,119)	(36,666)	(51,211)
<b>Net current assets</b>		<u>30,563</u>	<u>20,305</u>	<u>267,151</u>	<u>288,032</u>
<b>Total assets less current liabilities</b>		<u>452,961</u>	<u>462,315</u>	<u>393,851</u>	<u>414,732</u>
<b>Creditors - amounts falling due after more than one year</b>	14	(323,590)	(335,953)	(323,590)	(335,953)
<b>Provisions for liabilities and charges</b>	16	(55,370)	(54,569)	-	-
<b>Net assets</b>		<u>74,001</u>	<u>71,793</u>	<u>70,261</u>	<u>78,779</u>
<b>Capital and reserves</b>					
Called up share capital	17	500	187,152	500	187,152
Profit and loss account	18	73,501	(115,359)	69,761	(108,373)
<b>Total shareholders funds</b>	19	<u>74,001</u>	<u>71,793</u>	<u>70,261</u>	<u>78,779</u>

The notes on pages 9 to 27 form part of these financial statements

The financial statements on pages 6 to 27 were approved and authorised for issue by the Board of Directors on 23 May 2012 and were signed on its behalf by

  
A S Thompson  
Director

## GLID Wind Farms TopCo Limited

### Consolidated cash flow statement for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Net cash inflow from operating activities	20	44,176	41,290
<b>Returns on investments and servicing of finance</b>			
Interest received		216	321
Interest paid		<u>(18,001)</u>	<u>(19,056)</u>
Net cash outflow from returns on investments and servicing of finance		(17,785)	(18,735)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<u>(5,252)</u>	<u>(3,128)</u>
Net cash outflow for capital expenditure and financial investment		(5,252)	(3,128)
Net cash inflow before use of liquid resources and financing		21,139	19,427
<b>Management of liquid resources</b>			
Increase in deposits with Centrica group undertakings	12	<u>(3,234)</u>	<u>-</u>
Net cash outflow from management of liquid resources		(3,234)	-
<b>Financing</b>			
Decrease in borrowings	21	<u>(31,583)</u>	<u>(9,376)</u>
Net cash outflow from financing		(31,583)	(9,376)
(Decrease)/increase in net cash		<u>(13,678)</u>	<u>10,051</u>
<b>Reconciliation to net debt</b>			
Net debt at beginning of period	21	(342,661)	(362,088)
(Decrease)/increase in net cash	21	(13,678)	10,051
Movement in borrowings	21	<u>31,583</u>	<u>9,376</u>
Net debt at 31 December	21	<u>(324,756)</u>	<u>(342,661)</u>

The notes on pages 9 to 27 form part of these financial statements

# **GLID Wind Farms TopCo Limited**

## **Notes to the consolidated financial statements for the year ended 31 December 2011**

### **1 Principal accounting policies**

#### **Accounting principles**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies are set out below.

Accounting policies have been applied consistently, other than where new policies have been adopted.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. Each company in the Group has adopted the same accounting policies and they are applied uniformly across the Group. The financial statements of each company in the Group have been prepared to 31 December 2011. All intra-group transactions and profits are eliminated in full on consolidation.

#### **Turnover**

Turnover relates to the sale of generated power and the associated Renewables Obligation Certificates ("ROCs") and Levy Exemption Certificates ("LECs"). Turnover is recognised to the extent that it is virtually certain that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is recognised on the basis of power supplied during the period, together with associated ROCs and LECs, except that the ROC Recycling Benefit is recognised only once the cash for the benefit is received. Revenue which has not been billed at the balance sheet date is included as accrued income.

#### **Tangible fixed assets**

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets at rates calculated to write off the cost of each asset less the residual value on a straight-line basis over its expected useful life as follows for these asset classes:

- Plant and machinery	20 years
- Decommissioning asset	20 years

#### **Investment in subsidiary undertakings**

Fixed asset investments are shown at cost less any provision for impairment. Investments consist of equity interests in subsidiaries.

#### **Goodwill**

Goodwill arising on acquisition, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life. Provision is made for any impairment losses where applicable.

# **GLID Wind Farms TopCo Limited**

## **Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)**

### **1 Principal accounting policies (continued)**

#### **Impairment**

At each balance sheet date, the Group and the Company review the carrying amounts of their fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of net realisable value and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

#### **Foreign currency**

The financial statements of the Group and the Company are presented in sterling, which is the functional currency of the Company and each of its subsidiaries. Transactions in foreign currencies are initially recorded at either the functional currency rate ruling at the date of the transaction or the rate that they have been hedged at using forward contracts. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date and any gains / losses are recognised in the profit and loss account.

#### **Taxation**

Current tax being UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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 tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be available taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Loans**

Loans payable are initially recognised at the fair value of the consideration received, after deduction of transaction costs that are directly attributable to the issue of the loan. Costs associated with bank loans are amortised over the shorter of the contractual term or the expected date of renegotiation.

Loans receivable are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the loan. They are subsequently carried at amortised cost using the effective interest rate method less any allowance for estimated impairments. A provision is established for impairments where there is objective evidence that the Group or the Company will not be able to collect all amounts due under the original terms of the loan. Interest income, together with losses when the loans are impaired, is recognised in the profit and loss account.

# **GLID Wind Farms TopCo Limited**

## **Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)**

### **1 Principal accounting policies (continued)**

#### **Abandonment provision and decommissioning asset**

Provision is made for the net present value of the estimated cost of decommissioning each wind farm at the end of its useful life, based on price levels and technology available at the balance sheet date

Changes in these estimates and changes to the discount rates are dealt with prospectively

When this provision gives access to future economic benefits, a decommissioning asset is recognised and included within tangible fixed assets. The decommissioning asset is amortised on a straight-line basis over the useful life of the wind farm, from the date that the asset is brought into use.

The unwinding of the discount on the provision is included in the profit and loss account within interest payable.

#### **Financial instruments**

The Group enters into forward contracts to economically hedge its foreign exchange exposure on milestone payments made to foreign suppliers and operating and maintenance expense. The Group also enters into interest rate swaps to reduce the exposure to floating interest rates. As the Group has not adopted FRS 26 (Financial Instruments: Recognition and Measurement), changes in the derivatives' fair value are not recognised (note 22).

### **2 Segmental reporting**

The Group's sole activity is the operation of wind farms wholly within the United Kingdom.

# **GLID Wind Farms TopCo Limited**

## **Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)**

### **3 Operating profit**

The operating profit stated after charging

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets (note 10)	<b>25,225</b>	<b>25,035</b>

Auditors' remuneration for the audit of UK GAAP statutory accounts was £60,000 (2010 £62,400) £17,200 (2010 £20,800) relates to fees for the audit of the Company and the consolidated accounts, and £42,800 (2010 £41,600) relates to the audit of the Company's subsidiaries

### **4 Directors' emoluments**

The Directors received no emoluments during the year, as they were employed by other group companies of their respective ultimate parent companies. No recharges of emoluments are made to the Company as it is not possible to accurately apportion them and accordingly no amounts are included in the financial statements for these individuals.

### **5 Employee information**

The Group and the Company have no employees and no staff costs (2010 £nil)

### **6 Losses of holding company**

A loss of £8,518,000 (2010 £4,934,000) is dealt with in the accounts of GLID Wind Farms TopCo Limited. The loss on ordinary activities before taxation was £10,176,000 (2010 £8,293,000).

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company alone.

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 7 Interest and similar items

#### Interest receivable and similar income

	2011 £000	2010 £000
Interest receivable from Centrica group undertakings	132	164
Interest receivable on cash balances	153	142
<b>Total interest receivable and similar income</b>	<b>285</b>	<b>306</b>

Interest receivable from Centrica group undertakings relates to accrued interest on a loan to one of the Company's immediate shareholder undertakings, GLID Limited (note 12)

#### Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on bank loans and overdrafts (note 15)	18,135	18,825
Interest payable on shareholders' loans (note 14)	10,703	10,513
Amortisation of issue costs of bank loan (note 15)	5,115	5,108
Unwinding of discount on abandonment provision (note 16)	398	359
<b>Total interest payable and similar charges</b>	<b>34,351</b>	<b>34,805</b>

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 8 Tax on profit / (loss) on ordinary activities

	2011 £000	2010 £000
<b>(a) Analysis of tax charge in the period</b>		
The tax charge comprises		
<b>Current tax:</b>		
United Kingdom corporation tax at 26.5% (2010: 28%)	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Effect of change to DT rate	(2,614)	(1,241)
Origination and reversal of timing differences (note 16)	2,324	(2,996)
<b>Total tax on profit / (loss) on ordinary activities</b>	<b>(290)</b>	<b>(4,237)</b>

#### (b) Factors affecting the tax charge for the period

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK (26.5%) (2010: 28%). The differences are explained below

	2011 £000	2010 £000
Profit / (loss) on ordinary activities before taxation	1,918	(17,568)
Tax credit / (charge) on loss on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	508	(4,919)
Effects of		
Depreciation on Non Qualifying assets	1,817	1,923
Depreciation in excess of capital allowances	(2,698)	3,799
Timing differences	373	(803)
<b>Tax charge for the period</b>	<b>-</b>	<b>-</b>

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The impact of these proposed further reductions on the deferred tax balances would be £4,000,000.



## **GLID Wind Farms TopCo Limited**

### **Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)**

#### **9 Intangible assets**

<b>Group</b>	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2011	55,603
Additions	-
<b>At 31 December 2011</b>	<b>55,603</b>
<b>Accumulated amortisation and impairment charges</b>	
At 1 January 2011	55,603
Amortisation	-
<b>At 31 December 2011</b>	<b>55,603</b>
<b>Net book value</b>	
<b>At 31 December 2011</b>	<b>-</b>
At 31 December 2010	-

The goodwill arose on the acquisition of the three subsidiary undertakings. Following the disposal of 50% of the Company to Boreas Holdings S à r l, a review of the carrying value of the goodwill resulted in an impairment charge of the full amount in the prior period. A re-assessment was carried out for the current year resulting in no change to the impairment.

The Company had no intangible fixed assets at any time in the period.

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 10 Tangible assets

<b>Group</b>	<b>Plant and machinery £000</b>	<b>Decommissioning asset £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2011	537,333	19,697	557,030
Additions	4,920	-	4,920
Revisions to decommissioning liability (note 16)	-	693	693
<b>At 31 December 2011</b>	<b>542,253</b>	<b>20,390</b>	<b>562,643</b>
<b>Accumulated depreciation and impairment charges</b>			
At 1 January 2011	112,160	2,860	115,020
Depreciation charge for the period	24,215	1,010	25,225
<b>At 31 December 2011</b>	<b>136,375</b>	<b>3,870</b>	<b>140,245</b>
<b>Net book value</b>			
<b>At 31 December 2011</b>	<b>405,878</b>	<b>16,520</b>	<b>422,398</b>
<b>At 31 December 2010</b>	<b>425,173</b>	<b>16,837</b>	<b>442,010</b>

In 2010 plant and machinery included the decommissioning asset, which has been disclosed separately in 2011

The fair value of the tangible fixed assets acquired with the subsidiaries was derived using forward power prices at the time of acquisition in 2008. The accumulated depreciation and impairment charge includes an impairment charge in 2009 to reflect the reduction in the net realisable value of the tangible fixed assets due to a decline in forward power prices in the period. A full impairment assessment has been performed in 2011 with the current carrying value of the tangible fixed assets being determined appropriate.

The Company had no tangible fixed assets at any time in the year

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 11 Investment in subsidiary undertakings

	Investment in subsidiaries
Company	£000
Cost	
At 1 January 2011 and 31 December 2011	<u>229,000</u>
Impairment	
At 1 January 2011	102,300
Impairment	<u>-</u>
At 31 December 2011	<u>102,300</u>
Net book value	
At 31 December 2011	<u>126,700</u>
At 31 December 2010	<u>126,700</u>

The consideration paid for the three subsidiaries was based on the value in use of the assets acquired, using forward power prices at the time of acquisition in 2008. The current net book value reflects the impairment charge in the period ending 31 December 2009 due to the decline in forward power prices.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

At 31 December 2011, the Company held interests in the issued share capital of the following undertakings, all of which have been consolidated in these financial statements:

Name	Country of incorporation	Class of share capital held	Proportion of share capital held	Nature of business
Glens of Foudland Wind Farm Limited	England & Wales	Ordinary	100%	Operation of an onshore wind farm
Lynn Wind Farm Limited	England & Wales	Ordinary	100%	Operation of an offshore wind farm
Inner Dowsing Wind Farm Limited	Scotland	Ordinary	100%	Operation of an offshore wind farm

## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 12 Debtors due within one year

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Amounts owed by Group undertakings	-	-	255,621	280,625
Amounts owed by Centrica group undertakings	22,245	18,951	22,245	18,951
Other debtors	155	121	11	116
Prepayments and accrued income	23,962	18,671	67	-
	<u>46,362</u>	<u>37,743</u>	<u>277,944</u>	<u>299,692</u>

Part of the accrued income balance at 31 December 2011 was subject to the terms of the Power Purchase Agreement (note 24)

Within the amounts owed by Centrica group undertakings is a loan from the Company to one of the immediate parent undertakings, GLID Limited, of £22,180,000 (2010 £18,946,000), together with accrued interest of £65,000 (2010 £5,000) The loan is unsecured and repayable on demand, accruing interest at LIBOR for the interest period

The amounts owed by Group undertakings are repayable on demand and may be repaid to the Company at any time without penalty The rate of interest is 9% per annum

## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 13 Creditors – amounts falling due within one year

	Group	Group	Company	Company
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans and overdrafts (note 15)	22,740	36,843	22,740	36,843
Trade creditors	618	1,098	46	506
Amounts owed to parent undertakings (note 15)	10,596	11,922	10,596	11,922
VAT creditor	3,510	2,479	2,819	1,590
Accruals and deferred income	4,338	4,777	465	350
	<u>41,802</u>	<u>57,119</u>	<u>36,666</u>	<u>51,211</u>

Bank loans consist of a letter of credit loan and the portion of the term loan that is due within one year, stated net of capitalised finance costs of £4,330,000 (2010 £5,115,000) (see note 15)

Amounts owed to parent undertakings consist of £10,596,000 (2010 £11,922,000)

#### 14 Creditors – amounts falling due after more than one year

	Group	Group	Company	Company
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans (note 15)	241,166	253,529	241,166	253,529
Amounts owed to parent undertakings (note 15)	<u>82,424</u>	<u>82,424</u>	<u>82,424</u>	<u>82,424</u>
	<u>323,590</u>	<u>335,953</u>	<u>323,590</u>	<u>335,953</u>

#### Maturity of financial liabilities

	2010	2009
	£000	£000
In more than one year, but not more than two years	16,700	12,364
In more than two years, but not more than five years	55,288	52,769
In more than five years	<u>169,178</u>	<u>188,396</u>
	<u>241,166</u>	<u>253,529</u>

Bank loans consist of the term loan stated net of capitalised finance costs of £nil (2010 £4,330,000) (see note 15). The interest rate payable on the bank loans accrues at a floating rate of a 3% margin, plus LIBOR, plus Lenders Mandatory cost. In accordance with the Loan Facility Agreement 75% of the interest exposure is covered by an interest rate swap at 3.9%. Interest and principal payments are due on 30 June and 31 December each year until final repayment in June 2024. The Lenders have a comprehensive security package including a charge over the shares and assets of the Group and the ability to step into the project through direct agreements with contractors.

Amounts owed to parent undertakings consist of £41,212,000 (2010 £41,212,000) of loan notes (see note 15) issued to each of the immediate parent undertakings in the form of shareholder loans.

## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 15 Bank and other borrowings

	Group	Group	Company	Company
	2011	2010	2011	2010
	£000	£000	£000	£000
<b>Due within 1 year or on demand:</b>				
<b>Bank loans and overdrafts (Secured)</b>	<b>22,740</b>	<b>36,843</b>	<b>22,740</b>	<b>36,843</b>
<b>Due after more than 1 year:</b>				
<b>Bank loans (Secured)</b>	<b>241,166</b>	<b>253,529</b>	<b>241,166</b>	<b>253,529</b>
<b>Debenture loans (unsecured)</b>	<b>82,424</b>	<b>82,424</b>	<b>82,424</b>	<b>82,424</b>
<b>Total borrowings</b>	<b>346,330</b>	<b>372,796</b>	<b>346,330</b>	<b>372,796</b>

Bank loans are denominated in Sterling. The constituent parts of the bank loans are

1) a term loan facility of £290,944,184. The loan was wholly drawn down on 9 November 2009. The loan is to be repaid in 29 semi-annual instalments with the first scheduled loan repayment on 30 June 2010 and the final scheduled loan repayment on 30 June 2024. Repayments of £16,694,000 are due within 1 year. At 31 December 2011, the outstanding balance is stated net of £4,330,000 of capitalised bank loan issue costs, with £4,330,000 included within creditors due within one year and £nil within creditors due after more than one year.

2) a revolving credit working capital facility of up to £15,000,000 until 31 May 2024. This facility was undrawn at 31 December 2011 (2010: £11,500,000).

3) a revolving letter of credit facility of up to £35,000,000 until 31 May 2024. The loan value was £10,375,861 at 31 December 2011 (2010: £11,750,000). This amount is repayable on demand.

The interest payable on amounts drawn under the bank loans is based on LIBOR for the interest period for that particular loan, plus a margin and other costs. A commitment fee is payable on undrawn working capital and letter of credit facilities at the rate of 50 per cent per annum of the applicable margin.

The bank loans are secured on the assets and shares of the Company.

The debenture loans consist of loan notes issued to each of the parent undertakings in the form of a parent loan. Each parent undertaking was issued with £41,212,000 of loan notes. The notes bear interest on their outstanding principal amount at a rate of 12% per annum. The notes are due on 24 October 2059 but may be redeemed by the Company at any time.

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 16 Provisions for liabilities and charges

	Deferred taxation £000	Abandonment provision £000	Total £000
At 1 January 2011	33,510	21,059	54,569
Additions/revisions	-	693	693
Unwind of discounting	-	398	398
Profit and loss charge	(290)	-	(290)
<b>At 31 December 2011</b>	<b>33,220</b>	<b>22,150</b>	<b>55,370</b>

The Company had no provisions for liabilities and charges at any time in the year

#### Abandonment provision

The abandonment provision represents the expected future costs of decommissioning the Group's windfarms at the end of their useful economic lives, discounted to the present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be 2025 for Glens of Foudland and 2028 for Lynn and Inner Dowsing. The above provision relates solely to works performed on the sites as at the balance sheet date. In determining the provision the cash flows have been discounted on a pre-tax basis using an annual real interest rate of 1.7% (2010: 1.7%) for Lynn and Inner Dowsing, and 2.0% (2010: 2.0%) for Glens of Foudland. The assumed rate of inflation is 5.1% (2010: 2.5%).

#### Deferred taxation

	At 1 January 2011 £000	Profit and loss charge / (credit) £000	At 31 December 2011 £000
Deferred corporation tax			
- accelerated capital allowances	34,627	(20)	34,607
- other timing differences	(1,117)	(270)	(1,387)
	<u>33,510</u>	<u>(290)</u>	<u>33,220</u>

Deferred corporation tax provision/(asset) at 25% (2010: 27%) is analysed as follows

	Provided		Unprovided	
	At 31 Dec 11 £000	At 31 Dec 10 £000	At 31 Dec 11 £000	At 31 Dec 10 £000
Deferred corporation tax				
- accelerated capital allowances	34,607	34,627	-	-
- other timing differences	(1,387)	(1,117)	(177)	(191)
	<u>33,220</u>	<u>33,510</u>	<u>(177)</u>	<u>(191)</u>

There is an unprovided deferred tax asset of £177,000 (2010: £191,000) in the Company and the Group in respect of losses carried forward

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 17 Called up share capital

Company and Group	2011 £000	2010 £000
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#### Allotted and fully paid

500,000 ordinary shares of £1 each (2010 187,151,998 ordinary shares of £1 each)	<u>500</u>	<u>187,152</u>
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On 16 December 2010, the Company's members gave their approval for a capital reduction that was registered with Companies House on 11 January 2011 with the capital reduction becoming effective from this point. This adjustment resulted in the reduction of share capital of the Company from £187,151,998 to £500,000 by cancelling and extinguishing 186,651,998 issued ordinary shares pursuant to section 641(1)(a) of the Companies Act 2006. This created an additional distributable reserve of £186,651,998.

### 18 Profit and loss account

	Profit and loss reserve £000
<b>Group</b>	
At 1 January 2011	(115,359)
Profit for the financial year	2,208
Capital reduction	<u>186,652</u>
<b>At 31 December 2011</b>	<u><b>73,501</b></u>

	Profit and loss reserve £000
<b>Company</b>	
At 1 January 2011	(108,373)
Loss for the financial year	(8,518)
Capital reduction	<u>186,652</u>
<b>At 31 December 2011</b>	<u><b>69,761</b></u>



## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 19 Reconciliation of movements in shareholders' funds

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Opening balance	71,793	85,124	78,779	83,713
Profit/(loss) for the period	<u>2,208</u>	<u>(13,331)</u>	<u>(8,518)</u>	<u>(4,934)</u>
Closing balance	<u><u>74,001</u></u>	<u><u>71,793</u></u>	<u><u>70,261</u></u>	<u><u>78,779</u></u>

#### 20 Cash flow from operating activities

	2011 £000	2010 £000
Operating profit	35,984	16,931
Depreciation of tangible fixed assets	25,225	25,035
Increase in debtors	(5,315)	(701)
(Decrease)/increase in creditors	<u>(11,718)</u>	<u>25</u>
Total net cash inflow from operating activities	<u><u>44,176</u></u>	<u><u>41,290</u></u>

## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 21 Reconciliation to net debt

	2011 £000	2010 £000
Net debt at beginning of period	(342,661)	(362,088)
Increase in cash in hand and at bank	(13,678)	10,051
Decrease in borrowings	<u>31,583</u>	<u>9,376</u>
<b>Net debt at 31 December</b>	<b><u>(324,756)</u></b>	<b><u>(342,661)</u></b>

	At 1 January 2011 £000	Cash flow £000	Other non cash changes £000	At 31 December 2011 £000
Cash in hand and at bank	39,681	(13,678)	-	26,003
Debt due within 1 year	(41,958)	31,583	(16,695)	(27,070)
Debt due after 1 year	(340,384)	-	16,695	(323,689)
<b>Net debt</b>	<b><u>(342,661)</u></b>	<b><u>17,905</u></b>	<b><u>-</u></b>	<b><u>(324,756)</u></b>

These balances exclude capitalised finance costs

	2011 £000	2010 £000
Debt due within 1 year		
Repayment of term loan principal amounts	(18,708)	(14,376)
(Decrease)/increase in working capital facility draw down	(11,500)	5,000
Decrease in letter of credit facility	(1,375)	-
Debt due after 1 year		
<b>Movement in borrowings</b>	<b><u>(31,583)</u></b>	<b><u>(9,376)</u></b>

## GLID Wind Farms TopCo Limited

### Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

#### 22 Financial instruments

In accordance with Statutory Instrument 2008/410 of the Companies Act 2006, as the Company has not implemented FRS 26 (Financial Instruments Recognition and Measurement), the fair values of the Company's and the Group's financial instruments are analysed below

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financial instruments</b>				
Foreign exchange derivatives - assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign exchange derivatives - liabilities	<u>(1,028)</u>	<u>(1,258)</u>	<u>-</u>	<u>-</u>
Interest rate swaps	<u>(21,549)</u>	<u>(8,958)</u>	<u>(21,549)</u>	<u>(8,958)</u>

Foreign exchange hedges have a fixed maturity and fixed rate so the uncertainty is the mark to mark adjustment based on actual exchange rate when the hedges mature. Interest swaps are in place in respect of 75% of interest payable for the duration of the bank loan.

#### 23 Capital commitments

During the year the Company entered into £711,000 of contracts for the rectification of the foundation design issue for which provision has not been made at the end of the year (2010: £nil).

# GLID Wind Farms TopCo Limited

## Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

### 24 Related parties

From 11 December 2009, the subsidiaries in the Group have been wholly owned by GLID Wind Farms TopCo Limited and are taking advantage of the exemptions within FRS 8 from disclosure of transactions with other Group companies

The Group has entered into transactions with related parties who are not members of the Group. This includes the sale of generated electricity and associated environmental credits to British Gas Trading Limited, a company in the Centrica group, and the purchase of management and support services from Centrica Renewable Energy Limited, another company in the Centrica group.

The Group has issued £82,424,000 (2010: £82,424,000) of loan notes to its shareholder undertakings in the form of shareholder loans (note 15). Each shareholder undertaking was issued with £41,212,000 (2010: £41,212,000) of loan notes. Total interest of £10,596,000 had accrued on these loan notes at 31 December 2011 (2010: £11,922,000). The Group has loaned £22,180,000 (2010: £18,946,000) to one of its shareholder undertakings, GLID Limited, and this, together with accrued interest of £65,000 was outstanding at 31 December 2011 (2010: £5,000).

The Directors received no emoluments during the period, as they were employed by other group companies of their respective ultimate parent companies. No recharges of emoluments are made to the company as it is not possible to accurately apportion them and accordingly no amounts are included in the financial statements for these individuals.

	Sales of generated electricity and associated environmental credits		(Purchase) of management and support services	
	2011	2010	2011	2010
<b>Sale and purchase transactions with related parties for the year were:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
British Gas Trading Limited	53,046	39,821	-	-
Centrica Renewable Energy Limited	-	-	(3,816)	(3,050)

	Amounts owed by related parties	Amounts owed by related parties	Amounts owed (to) related parties	Amounts owed by / (to) related parties
	2011	2010	2011	2010
<b>Balances outstanding with related parties at 31 December were:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
British Gas Trading Limited	12,620	9,212	-	-
Centrica Renewable Energy Limited	-	-	(383)	1,712
GLID Limited	22,245	18,951	(46,510)	(47,173)
Boreas Holdings S à r l	-	-	(46,510)	(47,173)

## **GLID Wind Farms TopCo Limited**

### **Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)**

#### **25 Ultimate parent undertakings**

The Company's immediate parent undertakings are GLID Limited, a company registered in England and Wales, and Boreas Holdings S à r l , a company registered in Luxembourg, each of which holds a 50% interest in the Company

GLID Limited's ultimate parent undertaking is Centrica plc, a company registered in England and Wales. Boreas Holdings S à r l is ultimately controlled by EIG Global Energy Partners, LLC, a US (Delaware-registered) limited liability company. EIG Global Energy Partners, LLC, is acting through its subsidiary EIG Management Company, LLC, a US (Delaware-registered) limited liability company which controls the investment funds that are the direct shareholders of Boreas Holdings S à r l

The consolidated financial statements of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com). The consolidated financial statements of EIG Global Energy Partners, LLC are available by request of the Company Secretary at 1700 Pennsylvania Ave, NW, Suite 800, Washington, DC 20006, USA