



Company Number 2978651

THE WIND FUND PLC

Report and Financial Statements

31 December 1997



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



THE WIND FUND PLC

REPORT AND FINANCIAL STATEMENTS 1997

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THE WIND FUND PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Saunders
M Robinson
P Blom
G England
T Kirby

SECRETARY

G Saunders

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

BANKERS

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

SOLICITORS

Wansbroughs Willey Hargrave
103 Temple Street
Bristol
BS99 7UD

AUDITORS

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



THE WIND FUND PLC

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The Wind Fund Plc was established to provide equity finance for small-scale renewable energy projects. The principal activity of the company is direct investment in the development and operation of small-scale renewable energy projects such as wind farms and hydro schemes. It provides a mechanism for individuals and institutions to invest directly in renewable energy opportunities.

REVIEW OF THE BUSINESS

The company achieved a profit for the year to 31 December 1997 of £10,656. This represents a decrease over the results for 1996 (profit of £19,749) due to no consultancy work being undertaken during 1997 (1996: £12,825).

Income for 1997 was derived from funds held on deposit. Expenses incurred by the company were reduced in 1997.

As reported last year there was a notable improvement at the rate which planning permission was granted to renewable projects. The company was approached during the year by a number of projects, now having obtained planning, seeking investment. Consequently, towards the end of 1997, the Board were able to approve investment in two projects to be developed during 1998.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend. The retained profit of £10,656 (1996: £19,749) has been transferred to reserves.

POST BALANCE SHEET EVENTS

On 20 January 1998, The Wind Fund Plc purchased additional share capital of £474,498 in its subsidiary undertaking, The Wind Fund (Beochlich) Limited. The Wind Fund (Beochlich) Limited has subsequently entered into an agreement to develop and operate a small-scale hydro-electric project at Balliemeanoch, Argyll.

On 12 February 1998, The Wind Fund Plc acquired the entire share capital of two ordinary shares of £1 each in Haverigg II Limited for a consideration of £2. Subsequently, Haverigg II Limited increased its authorised share capital and The Wind Fund Plc acquired a further 317,868 ordinary shares of £1 each.

Haverigg II Limited has now entered into an agreement to develop and operate a four turbine wind farm.

On 30 January 1998, The Wind Fund Plc issued 245,000 shares for a consideration of £311,150 via a private placement to Wind Fund Holdings BV, a related party of Tridos Deelnemingen BV, which holds the fully paid 'A' ordinary share in the share capital of the company.

DIRECTORS

The directors during the year were as follows:

G Saunders
 M Robinson
 P Blom
 G England
 T Kirby



THE WIND FUND PLC

DIRECTORS' REPORT (continued)**DIRECTORS' INTERESTS IN SHARES**

The directors' interests in the ordinary shares of the company at the beginning and end of the financial year were:

	50p Ordinary shares fully paid	
	1997	1996
G Saunders	2,300	2,000
M Robinson	-	-
P Blom	-	-
G England	-	-
T Kirby	-	-

P Blom is a director of Triodos Deelnemingen BV which owns the fully paid 'A' ordinary share in the share capital of the company.

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

G Saunders
Secretary

M Robinson
Director

Date 30 APRIL 1998



THE WIND FUND PLC

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. 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.

Deloitte & Touche



Chartered Accountants

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

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AUDITORS' REPORT TO THE MEMBERS OF THE WIND FUND PLC

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche *1 May 1998*

Chartered Accountants and
Registered Auditors

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Brecknell, Bristol, Cambridge, Cardiff, Crawley, Darford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



THE WIND FUND PLC

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1997

	Note	Continuing operations	
		1997	1996
		£	£
TURNOVER		-	12,825
Administrative expenses		(17,905)	(19,081)
OPERATING LOSS		(17,905)	(6,256)
Interest receivable		31,315	30,278
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	13,410	24,022
Tax on profit on ordinary activities	4	(2,754)	(4,273)
RETAINED PROFIT FOR THE YEAR	10	10,656	19,749

The company has no recognised gains and losses other than the profit for the current financial year. Accordingly no statement of total recognised gains and losses has been prepared.



THE WIND FUND PLC

BALANCE SHEET
31 December 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Investments	5	2	-
CURRENT ASSETS			
Cash at bank and in hand		549,394	532,086
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(18,650)	(11,996)
NET CURRENT ASSETS		<u>530,744</u>	<u>520,090</u>
NET ASSETS		<u>530,746</u>	<u>520,090</u>
CAPITAL AND RESERVES			
Called up share capital	7	288,115	288,115
Share premium account		221,112	221,112
Profit and loss account		21,519	10,863
EQUITY SHAREHOLDERS' FUNDS		<u>530,746</u>	<u>520,090</u>

These financial statements were approved by the Board of Directors on *30 APRIL 1998*

Signed on behalf of the Board of Directors

G Saunders
Secretary

M Robinson
Director



THE WIND FUND PLC

CASH FLOW STATEMENT
 Year ended 31 December 1997

	Note	1997 £	1996 £
Net cash outflow from operating activities	8	(8,796)	(10,320)
Returns on investments and servicing of finance			
Interest received		31,315	30,278
Taxation			
UK corporation tax paid		(5,211)	-
Net cash inflow before financing		<u>13,410</u>	<u>19,958</u>
Financing			
Issue of share capital		-	4,875
Increase in cash	9	<u><u>17,308</u></u>	<u><u>24,833</u></u>



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICY

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.

Investments

Investments held as fixed assets are stated at cost less any permanent diminution in value.

2. OPERATING LOSS	1997	1996
	£	£
Operating loss is after charging:		
Auditors' remuneration		
- audit services	1,762	1,469
- other services including taxation	588	588
	<u> </u>	<u> </u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Emoluments

The emoluments of directors of the company were:	1997	1996
	£	£
Directors' emoluments	6,440	5,453
	<u> </u>	<u> </u>

There were no employees of the company other than the directors.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES	1997	1996
	£	£
UK corporation tax at 24% (1996: 24.25%)	2,916	5,373
Over provision in previous year	(162)	(1,100)
	<u> </u>	<u> </u>
	2,754	4,273
	<u> </u>	<u> </u>



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

5. INVESTMENTS	1997	1996
	£	£
Shares in subsidiary undertaking	2	-
	<u>2</u>	<u>-</u>

The following investment in subsidiary undertaking exists at the year end:

	£1 ordinary shares	Proportion of
	No.	share capital
		held
The Wind Fund (Beochlich) Limited (capital and reserves)	2	100%

Consolidated accounts have not been produced due to the immateriality of The Wind Fund (Beochlich) Limited.

The financial statements therefore represent the company on an individual basis and not as a group.

The company is incorporated in England and Wales and remained dormant for the period to 31 December 1997.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Amounts owed to subsidiary undertaking	2	-
Corporation tax	2,916	5,373
Other creditors including taxation and social security	610	1,816
Accruals and deferred income	15,122	4,807
	<u>18,650</u>	<u>11,996</u>

7. CALLED UP SHARE CAPITAL

Authorised	No.	1997
		£
Ordinary shares of £0.50 each	50,000,000	25,000,000
'A' ordinary share of £2 each	1	2
	<u>50,000,001</u>	<u>25,000,002</u>
Called up, allotted and fully paid	1997	1996
	£	£
Ordinary shares of £0.50 each	288,113	288,113
'A' ordinary share of £2 each	2	2
	<u>288,115</u>	<u>288,115</u>



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

7. CALLED UP SHARE CAPITAL (continued)

Rights attached to shares

The 'A' ordinary share has the right:

- to receive 10% of the aggregate of any dividends declared;
- to prevent the passing of any special resolution, any extraordinary resolution, any resolution where special notice is required, or any resolution required to be forwarded to the Registrar of Companies in accordance with Sections 122, 123 or 380 of the Companies Act, being given such number of votes as necessary to stop such a resolution;
- to appoint or remove a director by being given such number of votes as necessary to pass such a resolution; and
- in all other cases, such number of votes as represents 10% of the entire voting rights of the company.

8. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1997	10,863
Retained profit for the year	10,656
At 31 December 1997	21,519

**9. RECONCILIATION OF OPERATING LOSS TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating loss	(17,905)	(6,256)
Increase/(decrease) in creditors	9,109	(4,064)
Net cash outflow from operating activities	(8,796)	(10,320)

**10. RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET FUNDS**

	1997 £	1996 £
Increase in cash for the year	17,308	24,833
Movement in net funds in the year	17,308	24,833
Net funds at 1 January	532,086	507,253
Net funds at 31 December	549,394	532,086



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997	1996
	£	£
Profit for the financial year	10,656	19,749
New share capital subscribed (net of issue costs)	-	4,875
Net additions to shareholders' funds	10,656	24,624
Opening shareholders' funds	520,090	495,466
Closing shareholders' funds	530,746	520,090

12. CONTINGENT LIABILITIES

Costs in connection with the share issue amounted to £131,300 which is in line with the prospectus. To date only £67,000 of these costs have been charged to the company and these have been offset against the share premium account.

The remainder of these costs have been met by an associate of Triodos Deelnemingen BV, the holder of the 'A' share. These costs will only be charged to The Wind Fund Plc should a further public successful share offer be made.

13. 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 The Wind Fund Plc, Triodos Bank is responsible for handling all the administrative running of the company. During the year, Triodos Bank received fees of £10,000 for this service.

14. POST BALANCE SHEET EVENTS

On 20 January 1998, The Wind Fund Plc purchased additional share capital of £474,498 in its subsidiary undertaking, The Wind Fund (Beochlich) Limited. The Wind Fund (Beochlich) Limited has subsequently entered into an agreement to develop and operate a small-scale hydro-electric project at Balliemeanoch, Argyll.

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