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Company Number 2978651

THE WIND FUND PLC

Report and Financial Statements

31 December 1996

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



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THE WIND FUND PLC

REPORT AND FINANCIAL STATEMENTS 1996

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 1996.

PRINCIPAL ACTIVITIES

The Wind Fund PLC was established to provide equity finance for small-scale renewable energy projects in the UK. The principal activity of the company is direct investment in the development and operation of small-scale wind farms. 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 1996 of £19,749. This represents an improvement over the results for 1995 (loss of £8,886) which was the first period of operation for the company.

Income for 1996 was derived mainly from interest from funds held on deposit and from consultancy fees. Expenses incurred by the company were reduced significantly in 1996 as against the previous year as a result of action to reduce administrative costs.

No investments were made or approved by the Board in 1996. A number of sponsors who have approached the company continued to experience delays with their projects due to objections and appeals at the planning stage.

However, there was a notable improvement in the rate at which planning permission was granted to renewable projects towards the end of 1996 and the Board sees this as a positive development for, and cause for cautious optimism about, new investment opportunities in 1997.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend. The retained profit of £19,749 (1995: loss of £8,886) has been transferred to reserves.

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	
	1996	1995
G Saunders	2,000	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 *on 2 MAY 1997*
and signed on behalf of the Board

G Saunders
Secretary

M Robinson
Director



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 policy 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

16 June 1997

Chartered Accountants and
Registered Auditors

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, 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 1996

	Note	Continuing operations Period ended 31 December	
		1996 £	1995 £
TURNOVER		12,825	-
Administrative expenses		(19,081)	(30,685)
OPERATING LOSS		(6,256)	(30,685)
Interest receivable		30,278	22,899
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	24,022	(7,786)
Tax on profit/(loss) on ordinary activities	4	(4,273)	(1,100)
RETAINED PROFIT/(LOSS) FOR THE YEAR		19,749	(8,886)
Profit and loss account brought forward		(8,886)	-
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		10,863	(8,886)

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



THE WIND FUND PLC

BALANCE SHEET
31 December 1996

	Note	1996 £	1995 £
CURRENT ASSETS			
Cash at bank and in hand		532,086	507,253
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(11,996)	(11,787)
NET ASSETS		<u>520,090</u>	<u>495,466</u>
CAPITAL AND RESERVES			
Called up share capital	6	288,115	285,677
Share premium account	7	221,112	218,675
Profit and loss account		10,863	(8,886)
EQUITY SHAREHOLDERS' FUNDS		<u>520,090</u>	<u>495,466</u>

These financial statements were approved by the Board of Directors on *2 MAY 1997*

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 1996

	Note	1996		10 October 1994 to 31 December 1995	
		£	£	£	£
Net cash outflow from operating activities	8		(10,320)		(19,998)
Returns on investments and servicing of finance					
Interest received		30,278		22,899	
Net cash inflow from returns on investments and servicing of finance			30,278		22,899
Net cash inflow before financing			19,958		2,901
Financing					
Issue of share capital		4,875		571,352	
Expenses paid in connection with share issue		-		(67,000)	
Net cash inflow from financing			4,875		504,352
Increase in cash and cash equivalents	9		24,833		507,253



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

1. ACCOUNTING POLICY

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policy adopted is described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

2. OPERATING LOSS

	Year ended 31 December 1996 £	Period ended 31 December 1995 £
Operating loss is after charging:		
Auditors' remuneration		
- audit services	1,469	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:

	Year ended 31 December 1996 £	Period ended 31 December 1995 £
Directors' emoluments	5,453	3,000
	<u> </u>	<u> </u>

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

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Year ended 31 December 1996 £	Period ended 31 December 1995 £
UK corporation tax at 24.25% (1995: 25%)	5,373	1,100
Over provision in previous year	(1,100)	-
	<u> </u>	<u> </u>
	4,273	1,100
	<u> </u>	<u> </u>



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Year ended 31 December 1996 £	Period ended 31 December 1995 £
Corporation tax	5,373	1,100
Other creditors including taxation and social security	1,816	571
Accruals and deferred income	4,807	10,116
	<u>11,996</u>	<u>11,787</u>

6. CALLED UP SHARE CAPITAL	1996	
Authorised	Number	£
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>

	1996 £	1995 £
Called up, allotted and fully paid		
Ordinary shares of £0.50 each	288,113	285,675
'A' ordinary share of £2 each	2	2
	<u>288,115</u>	<u>285,677</u>

During the year 4,875 ordinary shares of 50p each were issued. The consideration received was £4,875.

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.



THE WIND FUND PLC

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

7. SHARE PREMIUM ACCOUNT	£		
1 January 1996		218,675	
Premium on issue of share capital		2,437	
		<hr/>	
31 December 1996		221,112	
		<hr/>	
8. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		Year ended	Period ended
		31 December	31 December
		1996	1995
		£	£
Operating loss		(6,256)	(30,685)
(Decrease)/increase in creditors		(4,064)	10,687
		<hr/>	<hr/>
Net cash outflow from operating activities		(10,320)	(19,998)
		<hr/>	<hr/>
9. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		Year ended	Period ended
		31 December	31 December
		1996	1995
		£	£
Balance at beginning of period		507,253	-
Net cash inflow		24,833	507,253
		<hr/>	<hr/>
Balance at 31 December 1996		532,086	507,253
		<hr/>	<hr/>
10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		Year ended	Period ended
		31 December	31 December
		1996	1995
		£	£
Profit/(loss) for the financial year		19,749	(8,886)
New share capital subscribed (not of issue costs)		4,875	504,352
		<hr/>	<hr/>
Net additions to shareholders' funds		24,624	495,466
Opening shareholders' funds		495,466	-
		<hr/>	<hr/>
Closing shareholders' funds		520,090	495,466
		<hr/>	<hr/>

**THE WIND FUND PLC****NOTES TO THE ACCOUNTS**
Year ended 31 December 1996**11. 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 successful share offer be made.

12. 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.