

Glens of Foudland Wind Farm Limited

Annual report

For the period ended 31 December 2004

Registered Number: 4493791



Glens of Foudland Wind Farm Limited

Annual report for the period ended 31 December 2004

	Pages
Directors' report for the period ended 31 December 2004	1
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit & Loss account period to 31st December 2004	6
Balance sheet as at 31 December 2004	7
Notes to the financial statements for the period ended 31 December 2004	8-12

Directors' report for the period ended 31 December 2004

The directors present their report and the audited financial statements of Glens of Foudland Wind Farm Limited ("the Company") for the period from 1st November 2003 to 31st December 2004.

Principal activities

The principal activity of the Company is the construction and operation of onshore wind farms.

Review of business and future developments

The site in Aberdeenshire was acquired in autumn 2004 from RES, the site comprises 20 1.3MW turbines, giving installed capacity of 26MW with an anticipated 79GWh/annum of generation.

Results and dividends

The loss on ordinary activities after taxation for the period ended 31 December 2004 is £4,000 . The directors do not recommend the payment of a dividend.

Directors

The following served as directors during the period:

	Date of Appointment	Date of Resignation
S R Clark	08 October 2004	
M J Garstang	08 October 2004	
G Lane	08 October 2004	
A Bennett	28 April 2005	
R M O'Neill	24 July 2002	08 October 2004
S Sambhi	08 October 2004	28 April 2005
A M Paine	31 October 2003	08 October 2004

Directors' interests in shares

At no time did any director holding office at 31 December 2004, have any interest in the shares of the Company (2003: Nil) or any other company within the Centrica plc Group except for the interests in, and the options over, the shares and interests of the ultimate parent company, Centrica plc.

On 25 October 2004, the ordinary share capital of Centrica plc was consolidated on the basis of 9 new ordinary shares of 6 ¹⁴/₈₁ pence per share for every 10 existing ordinary shares of 5 ⁵/₉ pence per share. Shares shown as 31 December 2003 are on a pre-consolidation basis and those shown at 31 December 2004 are shown on a post-consolidation basis.

The Directors with interests in and options over the ordinary shares of Centrica plc at the period end are as follows:

Beneficial interests in ordinary shares

	As at 31 December 2004	Date of Appointment
S R Clark	18,128	17,818
M J Garstang	-	246
G Lane	7,263	8,070
S Sambhi	-	-

The above figures include shares held under the terms of the Centrica Share Incentive Plan.

Directors' report for the period ended 31 December 2004 (continued)

Sharesave scheme

	As at 31 December 2004	Lapsed during the period	Exercised during the period	Granted during the period	As at Date of appointment
S R Clark	11,168	-	-	-	11,168
M J Garstang	-	-	-	-	-
G Lane	5,294	-	-	-	5,294
S Sambhi	-	-	-	-	-

Executive share option scheme

	As at 31 December 2004	Exercised during the period	Granted during the period	As at Date of appointment
S R Clark	-	-	-	-
M J Garstang	-	-	-	-
G Lane	-	-	-	-
S Sambhi	297,828	-	-	297,828

Options over shares in Centrica plc were granted on 18 March 2004 at an option price of 223.95 pence per share.

Long term incentive scheme

	As at 31 December 2004	Lapsed during the period	Exercised during the period	Granted during the period	As at date of appointment
S R Clark	70,078	-	6,945	-	77,023
M J Garstang	94,377	5,123	15,369	-	114,869
G Lane	93,985	-	15,003	-	108,988
S Sambhi	154,892	10,674	32,019	-	197,585

Total allocations as at 31 December 2004 shown above include both allocations of shares that are subject to performance conditions and allocations of shares that have reached the conclusion of the relevant three-year performance period but are subject to a two-year retention period.

A conditional allocation of shares was made under the terms of the scheme on 1 April 2004 at a price of 225.6 pence per share.

Directors' report for the period ended 31 December 2004 (continued)

Options were granted under the terms of the ultimate parent company's Sharesave scheme, Executive Share Option scheme, and allocations made under the terms of the Long-term Incentive scheme. Details of these schemes and the Share Incentive Plan can be found in the 2004 accounts of Centrica plc, copies of which can be obtained from the Secretariat Department of Centrica plc or from www.centrica.com.

The middle market price of a Centrica plc ordinary share on the last day of trading of 2004 (31 December) was 236.25 pence. The range during the period was 256.25 pence (high) and 187 pence (low).

As at 31 December 2004, 6,370,264 shares (1 January 2004: 21,200,505) were held by the trustee of the employee share trust under the LTIS rules. The directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

There were no contracts of significance during or at the end of the financial period to which the Company or any subsidiary and associated undertakings is a party and in which any director is or was materially interested.

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no other discloseable related party transactions during the period

Creditor payment policy

The Company aims to pay all of its creditors (of which none were trade creditors) promptly within the agreed contract terms.

Political and charitable donations

The Company made no political or charitable donations during the period (2003: £nil)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, was in place throughout the period under review.

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the Board 23 August 2005



Ian Ritchie
For and on behalf of
Centrica Secretaries Limited
23 August 2005

Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing those financial statements the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make estimates that are reasonable and prudent;*
- *state whether applicable accounting policies 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 confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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.

The above statement should be read in conjunction with the statement of auditors responsibilities set out in the audit report on page 5.

Independent Auditors' report to the Shareholder of Glens of Foudland Wind Farm Limited

We have audited the financial statements which comprise, the profit & loss account, the balance sheet and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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

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 at 31st December 2004, and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

23 August 2005

Profit and loss account for the period ended 31 December 2004

	Notes	2004 £'000
Administration expenses		(4)
Operating loss	3	(4)
Interest receivable and similar income		-
Loss on ordinary activities before taxation		(4)
Tax on loss on ordinary activities	6	-
Retained loss for the period		(4)
Dividends		-
Retained loss for the period		(4)

The profit and loss account covers the period to 31 December 2004.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated and their historical cost equivalents.

All activities relate to continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

Balance sheet as at 31 December 2004

	Note	2004 £'000
Fixed assets		
Tangible assets	7	9,128
Current assets		
Debtors		-
		-
Creditors – amounts falling due within one year	8	(9,132)
Net current liabilities		(9,132)
Total assets less current liabilities		(4)
Net liabilities		(4)
Capital and reserves		
Called-up share capital	9	-
Profit and loss account	10	(4)
Equity shareholder funds	11	(4)

The notes on pages 8 to 12 form part of these financial statements.

The financial statements on pages 6 to 7 were approved by the Board of Directors on 23 August 2005 and were signed on its behalf by:



Alan Bennett
Director

Notes to the financial statements for the period ended 31 December 2004

1 Principal accounting policies

Accounting principles

The financial statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards and the Companies Act 1985.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation. Capitalisation begins when expenditure for the asset are being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete. Depreciation commences at the point of commercial deployment.

Taxation

Current tax, including UK corporation tax and foreign 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 Company's taxable profits and its 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 suitable 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 revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. 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.

2 Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of Centrica Renewable Energy Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 "Cash Flow Statements". The Company is also exempt under the terms Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

**Notes to the financial statements for the period ended 31 December 2004
(continued)****3 Operating profit**

	2004 £'000
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Operating profit is stated after charging:	
Auditors' fees	4
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4 Directors' emoluments

The directors received no emoluments during the period, as they were employed by other Centrica group companies. All of the directors who served during the period are members of the ultimate parent company's defined benefit pension scheme.

5 Employee information

The Company has no direct employees.

6 Tax on profit on ordinary activities**(a) Analysis of tax charge for the period**

	2004 £'000
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The tax charge comprises :	
Corporation tax at 30%	-
Deferred tax	
- Origination and reversal of timing differences	-
Total tax on loss on ordinary activities	-
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Notes to the financial statements for the period ended 31 December 2004 (continued)

(b) Factors affecting the tax charge for the period

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2004 £'000
Loss on ordinary activities before tax	(4)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30%	(1)
Effects of:	
Group relief for nil consideration and UK:UK Intra company transfer pricing adjustment	1
Current tax charge for the period	-

7 Fixed assets

	Plant & Machinery £'000	Total £'000
Cost or valuation		
At 1 November 2003	-	-
Additions	9,128	9,128
At 31 December 2004	9,128	9,128
Net book amount		
At 31 December 2004	9,128	9,128
At 1 November 2003	-	-

Notes to the financial statements for the period ended 31 December 2004 (continued)

8 Creditors (amounts falling due within one year)

	2004 £'000
Accruals	4
Amounts owed to group undertakings	9,128
	9,132

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

A deferred tax asset of £35k relating to pre-trading expenditure for tax purposes is currently unrecognised

9 Called-up share capital

	2004 £
Authorised	
1,000,000 ordinary shares of £1 each	1,000,000
Allotted and fully paid	
1 ordinary share of £1 each	1

10 Reserves

	2004 £'000
Profit and loss account	
As at 1 November 2003	-
Retained loss for the period	(4)
As at 31 December	(4)

11 Reconciliation of movements in shareholder funds

	2004 £'000
Loss for the period	(4)
Shareholder funds at 1 November 2003	-
Shareholder funds as at 31 December	(4)

Notes to the financial statements for the period ended 31 December 2004 (continued)**12 Capital Commitments**

The following capital commitments, for which no provision has been made, have been entered into by the Company at the end of the period:

	2004 £'000
Assets under construction	14,272

13 Ultimate parent undertaking

The immediate parent undertaking is Centrica Renewable Energy Limited.

The ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales which is the parent company of the smallest and largest group to consolidate their financial statements. Copies of Centrica plc consolidated financial statements can be obtained from the Company Secretary at Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.