

Registered Number: 06707821

GLID Wind Farms TopCo Limited

**Annual report and financial statements
For the year ended 31 December 2010**

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GLID Wind Farms TopCo Limited

Annual report and Financial Statements for the year ended 31 December 2010

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GLID Wind Farms TopCo Limited

Directors' report for the year ended 31 December 2010

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 2010

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

The Company was incorporated on 25 September 2008 as Centrica Renewable Holdings Limited and commenced trading on 1 October 2008. The Company changed its name to GLID Wind Farms TopCo Limited on 8 October 2009. These financial statements are for the year ended 31 December 2010. The comparative period is the 15-month and 6-day period from 25 September 2008 to 31 December 2009.

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 has 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 directors have instigated a programme of investigation and monitoring which will assist with a decision on a rectification solution. If the issue is left unrectified then engineering analysis estimates that the useful life of the foundations could be materially shortened although the directors are of the opinion that the issue is unlikely to affect turbine operability in the short-term. A rectification solution is expected to be implemented in 2012.

Investigation and monitoring costs of £2.5m were incurred by the end of 2010. As the precise rectification solution has yet to be developed, a final costing to complete the work cannot yet be confirmed.

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 the year to 31 December 2010 related to liquidity risk, foreign currency exchange risk, interest rate risk, counterparty credit risk and commodity price risk, all of which arise in the Group's normal course of business.

- Cash forecasts identifying the liquidity requirements of the Group are produced and reviewed regularly. Funding is covered by the loan facility agreement with a bank syndicate.
- Interest rate risk arises on the Group's borrowings. The Group actively reduces its exposure to fluctuations in interest rates by swapping floating interest rates for fixed interest rates.
- 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. 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 related Centrica group companies.

GLID Wind Farms TopCo Limited

Directors' report for the year ended 31 December 2010 (continued)

- In respect of commodity prices, the risk is that market prices for power, ROCs, and LECs will move adversely, thereby potentially reducing expected margins. The Group has entered into agreements to sell power, ROCs and LECs to British Gas Trading Limited, a related Centrica group company. Power is currently sold at fixed prices. ROCs are transferred at a price based on the buy out price set out annually in the Renewables Obligation Order. LECs are transferred at a price based on the prevailing LEC price under the Climate Change Levy.

Other than with respect to foreign currency risk and interest rate risk the Group does not currently take part in hedging of any kind.

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 loss on ordinary activities after taxation for the year was £13,331,000 (period ended 31 December 2009: £102,028,000). The consolidated loss on ordinary activities before taxation for the year was £17,568,000, after charging £nil for the impairment of goodwill and tangible fixed assets (period ended 31 December 2009: £93,731,000, after charging £111,403,000 for the impairment of goodwill and tangible fixed assets). No dividends were declared or paid for the year (period ended 31 December 2009: £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 2010 were £78,779,000 (31 December 2009: £83,713,000), and of the Group were £71,793,000 (31 December 2009: £85,124,000).

Political and charitable donations

The Group made charitable donations of £35,637 during the year (period ended 31 December 2009: £35,670). The Group did not make any political donations during the year (period ended 31 December 2009: £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 2010 represented 64 days of purchases (31 December 2009: 42 days).

GLID Wind Farms TopCo Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors

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

	Date of appointment	Date of resignation
J-D W Borgeaud		
A S Thompson		
S R Hayden (alternate to J-D W Borgeaud)	23 July 2010	
T Hinton	23 July 2010	
R B Thomas		23 July 2010
S P Redfern (alternate to A S Thompson)	23 July 2010	
K A Talbot	23 July 2010	
J Spence		23 July 2010

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 directors' 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 2010 (continued)

Post balance sheet event

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 date. In accordance with the provisions of FRS 21, "Events after the balance sheet date", this has been dealt with as a non-adjusting post balance sheet event. 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 will create an additional distributable reserve of £186,651,998.

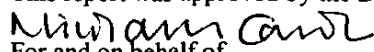
Disclosure of information to auditors

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 22 June 2011


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 2010 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.

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 2010 and of the Group's loss 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.

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

23 June 2011

GLID Wind Farms TopCo Limited

Consolidated profit and loss account for the year ended 31 December 2010

		Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
	Notes		
Turnover		58,858	78,879
Cost of sales		<u>(31,273)</u>	<u>(49,065)</u>
Gross profit before exceptional items		27,585	29,814
Exceptional item - impairment of tangible fixed assets	3	-	(55,800)
Exceptional item - impairment of goodwill	3	<u>-</u>	<u>(55,603)</u>
Gross profit / (loss)		27,585	(81,589)
Administration expenses		<u>(10,654)</u>	<u>(6,327)</u>
Operating profit / (loss)	3	16,931	(87,916)
Interest receivable and similar income	7	306	31
Interest payable and similar charges	7	<u>(34,805)</u>	<u>(5,846)</u>
Loss on ordinary activities before taxation		(17,568)	(93,731)
Tax credit / (charge) on loss on ordinary activities	8	<u>4,237</u>	<u>(8,297)</u>
Net loss for the period	18	<u>(13,331)</u>	<u>(102,028)</u>

The Group 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 loss for the period 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 2010

		Group	Group	Company	Company
		2010	2009	2010	2009
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	9	-	-	-	-
Tangible fixed assets	10	442,010	463,396	-	-
Investment in subsidiary undertakings	11	-	-	126,700	126,700
		<u>442,010</u>	<u>463,396</u>	<u>126,700</u>	<u>126,700</u>
Current assets					
Debtors	12	37,743	37,056	299,692	315,317
Cash and cash equivalents		<u>39,681</u>	<u>29,630</u>	<u>39,551</u>	<u>24,479</u>
		<u>77,424</u>	<u>66,686</u>	<u>339,243</u>	<u>339,796</u>
Creditors – amounts falling due within one year	13	<u>(57,119)</u>	<u>(43,491)</u>	<u>(51,211)</u>	<u>(39,260)</u>
Net current assets		<u>20,305</u>	<u>23,195</u>	<u>288,032</u>	<u>300,536</u>
Total assets less current liabilities		<u>462,315</u>	<u>486,591</u>	<u>414,732</u>	<u>427,236</u>
Creditors - amounts falling due after more than one year	14	<u>(335,953)</u>	<u>(343,523)</u>	<u>(335,953)</u>	<u>(343,523)</u>
Provisions for liabilities and charges	16	<u>(54,569)</u>	<u>(57,944)</u>	<u>-</u>	<u>-</u>
Net assets		<u>71,793</u>	<u>85,124</u>	<u>78,779</u>	<u>83,713</u>
Capital and reserves					
Called up share capital	17	187,152	187,152	187,152	187,152
Profit and loss reserve	18	<u>(115,359)</u>	<u>(102,028)</u>	<u>(108,373)</u>	<u>(103,439)</u>
Total shareholders funds	19	<u>71,793</u>	<u>85,124</u>	<u>78,779</u>	<u>83,713</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 22 June 2011 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 2010

		Year ended 31 December 2010		Period ended 31 December 2009	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20		41,290		35,936
Returns on investments and servicing of finance					
Interest received		321		7	
Interest paid		(19,056)		(2,502)	
Issue costs of new bank loan		-		(11,828)	
Net cash outflow from returns on investments and servicing of finance			(18,735)		(14,323)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,128)		(15,071)	
Net cash outflow for capital expenditure and financial investment			(3,128)		(15,071)
Purchase of subsidiary undertakings		-		(179,000)	
Cash acquired with subsidiary undertakings	21	-		25	
Net cash outflow for acquisitions			-		(178,975)
Net cash inflow / (outflow) before use of liquid resources and financing			19,427		(172,433)
Management of liquid resources					
Increase in deposits with Centrica group undertakings	12	-		(18,946)	
Net cash outflow from management of liquid resources			-		(18,946)
Financing					
Issue of ordinary share capital	17	-		137,152	
(Decrease) / increase in borrowings	21	(9,376)		83,757	
Net cash (outflow) / inflow from financing			(9,376)		220,909
Increase in net cash			10,051		29,530
Reconciliation to net debt					
Net debt at beginning of period	21		(362,088)		-
Increase in net cash	21		10,051		29,530
Movement in borrowings	21		9,376		(391,618)
Net debt at 31 December	21		(342,661)		(362,088)

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 2010

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.

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 2010. 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 2010 (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 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 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 2010 (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.

Government grants and deferred income

Government grants received as a contribution towards wind farm expenditure are initially recognised as deferred income. This deferred income is released to the profit and loss account on a straight-line basis over the expected useful economic life of the related asset, commencing when the entire asset is fully operational.

Interest payable on government grants is recognised on an accruals basis to the extent that it is probable that the grant will be repaid.

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).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand with qualifying financial institutions, less overdrafts from qualifying financial institutions repayable on demand as well as highly liquid investments that are readily convertible to known amounts of cash with a maturity of three months or less. Cash includes cash in hand and deposits in foreign currencies.

Exceptional items

As permitted by FRS 3, "Reporting Financial Performance", certain items are presented separately. The items that the Group presents separately as exceptional are those which are of a non-recurring nature and, in the judgment of the directors, need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance.

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 2010 (continued)

3 Operating profit / (loss)

The operating profit / (loss) is stated after charging

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Depreciation of tangible fixed assets (note 10)	25,035	34,185
Impairment of tangible fixed assets (note 10)	-	55,800
Impairment of goodwill (note 9)	-	55,603

Auditors' remuneration for the audit of UK GAAP statutory accounts was £62,400 (period ending 31 December 2009 £69,000) £20,800 (period ending 31 December 2009 £29,000) relates to fees for the audit of the Company and the consolidated accounts, and £41,600 (period ending 31 December 2009 £40,000) relates to the audit of the Company's subsidiaries

4 Directors' emoluments

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.

5 Employee information

The Group and the Company have no employees and no staff costs. Prior to 11 December 2009, any costs relating to employees were borne by the Centrica plc group.

6 Losses of holding company

A loss of £4,934,000 (period ended 31 December 2009 £103,439,000) is dealt with in the accounts of GLID Wind Farms TopCo Limited. The loss on ordinary activities before taxation was £8,293,000 (period ended 31 December 2009 £103,607,000), which included an impairment charge of £102,300,000 relating to the Company's investment in three subsidiaries.

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 period ended 31 December 2010 (continued)

7 Interest and similar items

Interest receivable and similar income

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Interest receivable from Centrica group undertakings	164	22
Interest receivable on cash balances	142	9
Total interest receivable and similar income	306	31

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

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Interest payable on bank loans and overdrafts (note 15)	18,825	2,894
Interest payable on shareholders' loans (note 14)	10,513	1,409
Amortisation of issue costs of bank loan (note 15)	5,108	806
Interest payable on government grants	-	328
Unwinding of discount on abandonment provision (note 16)	359	409
Total interest payable and similar charges	34,805	5,846

The Lynn and Inner Dowsing wind farms were eligible to receive up to £20 million in aggregate under the Offshore Wind Capital Grants Scheme. At the date that the Company acquired its subsidiaries, £13.0 million had been drawn down and recognised as deferred income. Generation from the Lynn and Inner Dowsing wind farms was accredited to the Renewable Obligation Certificate ("ROC") regime and was initially entitled to ROCs at a rate of 1.0 ROC / MWh.

Subsequently, the Government introduced a banded ROC regime with a rate of 1.5 ROCs / MWh for offshore wind. This regime became effective on 1 April 2009. To receive the full benefit of the new regime, the grant was repaid on 1 April 2009 together with the accrued interest.

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

8 Tax (credit) / charge on loss on ordinary activities

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
(a) Analysis of tax charge in the period		
The tax charge comprises		
Current tax:		
United Kingdom corporation tax at 28% (2009 28%)	-	-
Total current tax	-	-
Deferred tax		
Effect of change to DT rate	(1,241)	-
Origination and reversal of timing differences (note 16)	(2,996)	8,297
Total tax (credit) / charge on loss on ordinary activities	(4,237)	8,297

(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 (28%) (2009 28%) The differences are explained below

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Loss on ordinary activities before taxation	(17,568)	(93,731)
Tax credit / (charge) on loss on ordinary activities at standard UK corporation tax rate of 28%	(4,919)	(26,245)
Effects of		
Depreciation on Non Qualifying assets	1,923	3,442
Depreciation in excess of capital allowances	3,799	(12,136)
Tangible fixed assets impaired	-	15,624
Goodwill written off	-	15,569
Timing differences	(803)	3,839
Losses carried forward	-	198
Centrica group relief for nil consideration	-	2,941
UK UK transfer pricing adjustment	-	(3,232)
Tax charge for the period	-	-

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, 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 changes on the deferred tax balances would be a reduction to the deferred tax provision of £4,965,000.

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

9 Intangible assets

Group	Goodwill £'000	Total £'000
Cost		
At 1 January 2010	55,603	55,603
Additions	-	-
At 31 December 2010	55,603	55,603
Accumulated amortisation and impairment charges		
At 1 January 2010	55,603	55,603
Amortisation	-	-
At 31 December 2010	55,603	55,603
Net book value		
At 31 December 2010	-	-
At 31 December 2009	-	-

The goodwill arose on the acquisition of 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.

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 2010 (continued)

10 Tangible assets

Group	Plant and machinery £'000	Total £'000
Cost		
At 1 January 2010	553,381	553,381
Additions	3,146	3,146
Revisions to decommissioning liability (note 16)	503	503
At 31 December 2010	557,030	557,030
Accumulated depreciation and impairment charges		
At 1 January 2010	89,985	89,985
Depreciation charge for the period	25,035	25,035
At 31 December 2010	115,020	115,020
Net book value		
At 31 December 2010	442,010	442,010
At 31 December 2009	463,396	463,396

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 2010 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 period.

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

11 Investment in subsidiary undertakings

	Investment in subsidiaries	Total
Company	£'000	£'000
Cost		
At 1 January 2010 and 31 December 2010	<u>229,000</u>	<u>229,000</u>
Impairment		
At 1 January 2010	102,300	102,300
Impairment	-	-
At 31 December 2010	<u>102,300</u>	<u>102,300</u>
Net book value		
At 31 December 2010	<u>126,700</u>	<u>126,700</u>
At 31 December 2009	<u>126,700</u>	<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.

At 31 December 2010, 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 2010 (continued)

12 Debtors

	Group	Group	Company	Company
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts owed by Group undertakings	-	-	279,589	296,178
Amounts owed by Centrica group undertakings	18,951	21,747	18,951	18,971
UK corporation tax	-	-	1,036	168
Other debtors	121	-	116	-
Prepayments	3,071	3,028	-	-
Accrued income	15,600	12,281	-	-
	<u>37,743</u>	<u>37,056</u>	<u>299,692</u>	<u>315,317</u>

Part of the accrued income balance at 31 December 2010 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 £18,946,000, together with accrued interest of £5,000 (2009 £22,000). 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 2010 (continued)

13 Creditors - amounts falling due within one year

	Group	Group	Company	Company
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 15)	36,843	33,524	36,843	33,524
Trade creditors	1,098	1,379	506	108
Amounts owed to parent undertakings (note 15)	11,922	1,486	11,922	1,486
VAT creditor	2,479	115	1,590	-
Accruals	4,777	6,987	350	4,142
	<u>57,119</u>	<u>43,491</u>	<u>51,211</u>	<u>39,260</u>

Bank loans consist of a working capital facility, a letter of credit facility and the portion of the term loan that is due within one year, stated net of capitalised finance costs of £5,115,000 (see note 15). Amounts owed to parent undertakings consist of £11,922,000 (2009 £1,486,000) interest accrued on the 12% loan notes (see note 15) and the bank loans

14 Creditors - amounts falling due after more than one year

	Group	Group	Company	Company
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans (note 15)	253,529	261,099	253,529	261,099
Amounts owed to parent undertakings (note 15)	82,424	82,424	82,424	82,424
	<u>335,953</u>	<u>343,523</u>	<u>335,953</u>	<u>343,523</u>

Bank loans consist of a term loan stated net of capitalised finance costs of £4,330,000 (see note 15)

Amounts owed to parent undertakings consist of £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 2010 (continued)

15 Bank and other borrowings

	Group	Group	Company	Company
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Due within 1 year or on demand:				
Bank loans and overdrafts				
Secured	36,843	33,524	36,843	33,524
Unsecured	-	-	-	-
	<u>36,843</u>	<u>33,524</u>	<u>36,843</u>	<u>33,524</u>
Due after more than 1 year:				
Bank loans				
Secured	253,529	261,099	253,529	261,099
Unsecured	-	-	-	-
	<u>253,529</u>	<u>261,099</u>	<u>253,529</u>	<u>261,099</u>
Debenture loans (unsecured)	<u>82,424</u>	<u>82,424</u>	<u>82,424</u>	<u>82,424</u>
Total borrowings	<u>372,796</u>	<u>377,047</u>	<u>372,796</u>	<u>377,047</u>

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 £18,708,000 are due within 1 year. At 31 December 2010, the outstanding balance is stated net of £9,445,000 of capitalised bank loan issue costs, with £5,115,000 included within creditors due within one year and £4,330,000 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. An additional £5,000,000 was drawn down in the year increasing the loan value to £11,500,000. This amount is repayable on demand.

3) a revolving letter of credit facility of up to £35,000,000 until 31 May 2024. The loan value was £11,750,000 throughout the year with no additional draw downs. 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.

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.

The non-parent undertakings debt is secured on the assets and shares of the Company.

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

16 Provisions for liabilities and charges

	Deferred taxation £'000	Abandonment provision £'000	Total £'000
Group			
At 1 January 2010	37,747	20,197	57,944
Additions/revisions	-	503	503
Unwind of discounting	-	359	359
Profit and loss charge	(4,237)	-	(4,237)
At 31 December 2010	33,510	21,059	54,569

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

Deferred taxation

	At 1 January 2010 £'000	Profit and loss charge/(credit) £'000	At 31 December 2010 £'000
Deferred corporation tax			
- accelerated capital allowances	39,708	(5,081)	34,627
- other timing differences	(1,961)	844	(1,117)
	37,747	(4,237)	33,510

Deferred corporation tax provision/(asset) at 27% (2009 28%) is analysed as follows

	Provided		Unprovided	
	At 31 Dec 10 £'000	At 31 Dec 09 £'000	At 31 Dec 10 £'000	At 31 Dec 09 £'000
Deferred corporation tax				
- accelerated capital allowances	34,627	39,708	-	-
- other timing differences	(1,117)	(1,961)	(191)	(198)
	33,510	37,747	(191)	(198)

There is an unprovided deferred tax asset of £191,000 (2009 £198,000) in the Company and the Group in respect of losses carried forward

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% (2009 1.7%) for Lynn and Inner Dowsing, and 2.0% (2009 2.0%) for Glens of Foudland. The assumed rate of inflation is 2.5% (2009 2.5%).

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

17 Called up share capital

Company and Group	2010 £'000	2009 £'000
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Allotted and fully paid

187,151,998 ordinary shares of £1 each	<u>187,152</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. In accordance with the provisions of FRS 21, "Events after the balance sheet date", this has been dealt with as a non-adjusting post balance sheet event. 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 would create an additional distributable reserve of £186,651,998.

18 Reserves

Group	Profit and loss reserve £'000	Total £'000
At 1 January 2010	(102,028)	(102,028)
Loss for the period	(13,331)	(13,331)
At 31 December 2010	<u>(115,359)</u>	<u>(115,359)</u>

Company	Profit and loss reserve £'000	Total £'000
At 1 January 2010	(103,439)	(103,439)
Loss for the period	(4,934)	(4,934)
At 31 December 2010	<u>(108,373)</u>	<u>(108,373)</u>

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

19 Reconciliation of movements in shareholders' funds

	Group	Group	Company	Company
	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Opening balance	85,124	-	83,713	-
Share capital issued in the period (note 17)	-	187,152	-	187,152
Loss for the period	(13,331)	(102,028)	(4,934)	(103,439)
Closing balance	<u>71,793</u>	<u>85,124</u>	<u>78,779</u>	<u>83,713</u>

20 Cash flow from operating activities

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Operating profit / (loss)	16,931	(87,916)
Depreciation of tangible fixed assets	25,035	34,185
Impairment of tangible fixed assets	-	55,800
Impairment of goodwill	-	55,603
Increase in debtors	(701)	(9,435)
Increase / (decrease) in creditors	25	(12,301)
Total net cash inflow from operating activities	<u>41,290</u>	<u>35,936</u>

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

21 Reconciliation to net debt

	At 31 December 2010 £'000	At 31 December 2009 £'000
Net debt at beginning of period	(362,088)	-
Borrowings acquired with subsidiaries	-	(307,861)
Cash acquired with subsidiaries	-	25
Increase in cash in hand and at bank	10,051	29,505
Decrease / (increase) in borrowings	9,376	(83,757)
Net debt at 31 December	(342,661)	(362,088)

	At 1 January 2010 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2010 £'000
Cash in hand and at bank	29,630	9,951	100	39,681
Overdrafts	(100)	100	-	-
Debt due within 1 year	(38,315)	9,376	(13,019)	(41,958)
Debt due after 1 year	(353,303)	-	12,919	(340,384)
Net debt	(362,088)	19,427	-	(342,661)

These balances exclude capitalised finance costs

Movement in borrowings

	Year ended 31 December 2010 £'000	Period ended 31 December 2009 £'000
Debt due within 1 year		
Loans from Centrica group acquired with subsidiaries	-	307,861
Repayment of loans from Centrica group	-	(269,546)
Repayment of term loan principal amounts	(14,376)	-
Increase in working capital facility draw down	5,000	-
	(9,376)	38,315
Debt due after 1 year		
New secured bank loan	-	270,879
New debentures	-	82,424
	-	353,303
Movement in borrowings	(9,376)	391,618

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (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

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Financial instruments				
Foreign exchange derivatives - assets	<u>0</u>	<u>6</u>	<u>-</u>	<u>-</u>
Foreign exchange derivatives - liabilities	<u>(1,258)</u>	<u>(964)</u>	<u>-</u>	<u>-</u>
Interest rate swaps	<u>0</u>	<u>(19)</u>	<u>0</u>	<u>(19)</u>

23 Capital commitments

Neither the Company, nor the Group had entered into any capital commitments for which provision has not been made at the end of the period

GLID Wind Farms TopCo Limited

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

24 Related parties

From 11 December 2009, the companies 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 of loan notes to its shareholder undertakings in the form of shareholder loans (note 15). Each shareholder undertaking was issued with £41,212,000 of loan notes. Total interest of £11,922,000 had accrued on these loan notes at 31 December 2010 (31 December 2009: £1,409,000). The Group has loaned £18,946,000 to one of its shareholder undertakings, GLID Limited, and thus, together with accrued interest of £5,000 was outstanding at 31 December 2010 (31 December 2009: £22,000).

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
Sale and purchase transactions with related parties for the year were:	£'000	£'000
British Gas Trading Limited	39,821	-
Centrica Renewable Energy Limited	-	(3,050)

	Amounts owed by related parties 2010 £'000	Amounts owed by related parties 2009 £'000	Amounts owed by / (to) related parties 2010 £'000	Amounts owed (to) related parties 2009 £'000
Balances outstanding with related parties at 31 December were:				
British Gas Trading Limited	9,212	7,200	-	-
Centrica Renewable Energy Limited	-	2,775	1,712	(4,315)
GLID Limited	18,951	18,968	(47,173)	(41,917)
Boreas Holdings S à r l	-	-	(47,173)	(41,916)

Notes to the consolidated financial statements for the year ended 31 December 2010 (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 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

26 Post balance sheet event

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 in accordance with the provisions of FRS 21, "Events after the balance sheet date", this has been dealt with as a non-adjusting post balance sheet event 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 would create an additional distributable reserve of £186,651,998