

Registration number 04113951

Wind Prospect Developments Limited
Directors' report and financial statements
for the year ended 31 December 2005



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COMPANIES HOUSE 15/09/2006

Wind Prospect Developments Limited

Company information

Directors	B K Larsen E P Cameron	Appointed 7 February 2005
Secretary	R R Henderson	
Company number	04113951	
Registered office	7 Berkerley Square Clifton Bristol BS1 1HG	
Auditors	Paul Clegg & Company Riverside Offices Second Floor 26 St Georges Quay Lancaster LA1 1RD	
Business address	The Priory Business Centre Syresham Gardens Haywards Heath West Sussex RH16 3LB	
Bankers	HSBC Plc 1 Main Street Cockermouth Cumbria CA13 9LB	
Solicitors	Hammonds 7 Devonshire Square Cutlers Gardens London	

Wind Prospect Developments Limited

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Wind Prospect Developments Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

Principal activity and review of the business

The principal activity of the company continues to be the development of applicable projects in the form of wind energy sites and subsequent disposal of all or part of such applicable projects. During the course of the year the company made sales of windfarm sites and these are reflected in the results. The directors expect that additional windfarms sites will become available for sale in 2006 and future years.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

Class of share		31/12/05	01/01/05 or date of appointment
B K Larsen	Ordinary A shares	-	-
E P Cameron	Appointed 7 February 2005 Ordinary A shares	-	-
U Bak-Aagaard	Resigned 15 November 2005 Ordinary A shares	-	-

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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 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 directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

Wind Prospect Developments Limited

**Directors' report
for the year ended 31 December 2005**

..... continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that KPMG be appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 14th Sept 2006 and signed on its behalf by



R R Henderson
Secretary

Wind Prospect Developments Limited

Independent auditors' report to the shareholders of Wind Prospect Developments Limited

We have audited the financial statements of Wind Prospect Developments Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Wind Prospect Developments Limited

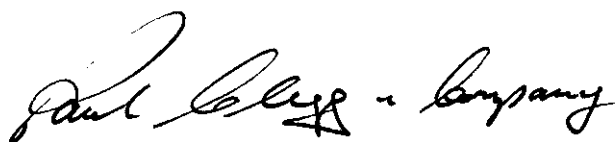
Independent auditors' report to the shareholders of Wind Prospect Developments Limited continued

Emphasis of Matter - Going Concern

In forming our opinion, which is not qualified, we have considered the disclosure made by the directors in the accounting policies dealing with the matter of going concern. The company is engaged in a speculative business with no certainty of outcome and consequently of income. The directors have considered the next twelve months trading activity and believe that there will be sites on which consent is granted and that there is a market for development of these sites. There is confirmation that the continued support will be forthcoming to the company from its shareholders and their ultimate holding companies. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Paul Clegg & Company
Chartered Accountants and
Registered auditors

8th September 2006

Riverside Offices
Second Floor
26 St Georges Quay
Lancaster
LA1 1RD

Wind Prospect Developments Limited

Profit and loss account for the year ended 31 December 2005

Continuing operations

		2005	2004
	Notes	£	£
Turnover	2	3,776,596	-
Cost of sales		(2,833,053)	-
Gross profit		943,543	-
Administrative expenses		(393,036)	(528,549)
Operating profit/(loss)	3	550,507	(528,549)
Other interest receivable and similar income	4	92,391	2,257
Interest payable and similar charges	5	(479,385)	(321,605)
Profit/(loss) on ordinary activities before taxation		163,513	(847,897)
Tax on profit/(loss) on ordinary activities	7	(47,410)	253,473
Profit/(loss) on ordinary activities after taxation		116,103	(594,424)
Retained profit/(loss) for the year		116,103	(594,424)
Accumulated loss brought forward		(1,563,854)	(969,430)
Accumulated loss carried forward		(1,447,751)	(1,563,854)

There are no recognised gains or losses other than the profit or loss for the above two financial years.

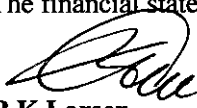
The notes on pages 8 to 15 form an integral part of these financial statements.

Wind Prospect Developments Limited

Balance sheet as at 31 December 2005

	Notes	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	8		31,368		8,261
Investments	9		23,151		23,151
			<u>54,519</u>		<u>31,412</u>
Current assets					
Stocks	10	2,062,178		1,723,795	
Debtors	11	89,855		52,853	
Cash at bank and in hand		175,992		367,705	
		<u>2,328,025</u>		<u>2,144,353</u>	
Creditors: amounts falling due within one year	12	(4,036,258)		(3,992,992)	
Net current liabilities			<u>(1,708,233)</u>		<u>(1,848,639)</u>
Total assets less current liabilities			<u>(1,653,714)</u>		<u>(1,817,227)</u>
Provisions for liabilities and charges	13		<u>206,063</u>		<u>253,473</u>
Deficiency of assets			<u>(1,447,651)</u>		<u>(1,563,754)</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account			<u>(1,447,751)</u>		<u>(1,563,854)</u>
Shareholders' funds	16		<u>(1,447,651)</u>		<u>(1,563,754)</u>

The financial statements were approved by the Board on 2nd Dec 2006 and signed on its behalf by


B K Larsen
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

Wind Prospect Developments Limited

**Cash flow statement
for the year ended 31 December 2005**

	Notes	2005 £	2004 £
Reconciliation of operating profit/(loss) to net cash outflow from operating activities			
Operating profit/(loss)		550,507	(528,549)
Depreciation		13,332	387
(Increase) in stocks		(338,383)	(1,004,588)
(Increase) in debtors		(37,002)	292,582
(Decrease) in creditors		(436,119)	1,502,061
Net cash outflow from operating activities		<u>(247,665)</u>	<u>261,893</u>
Cash flow statement			
Net cash outflow from operating activities		(247,665)	261,893
Returns on investments and servicing of finance	19	92,391	2,257
Capital expenditure	19	(36,439)	(7,411)
Acquisitions and disposals	19	-	(23,151)
Decrease in cash in the year		<u>(191,713)</u>	<u>233,588</u>
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the year		(191,713)	233,588
Net funds at 1 January 2005		<u>367,705</u>	<u>134,117</u>
Net funds at 31 December 2005		<u>175,992</u>	<u>367,705</u>

Wind Prospect Developments Limited

Notes to the financial statements for the year ended 31 December 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery - 25% straight line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.6. Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

Costs which are directly attributable to the development of windfarm sites, which have a reasonable expectation of obtaining the consents required to construct a windfarm, are treated as work in progress and not written off to the profit and loss account. All current year costs which are deemed to be directly attributable to the development of windfarm sites, which have a reasonable expectation of obtaining the consents required to construct a windfarm, have been treated as work in progress and valued at cost.

1.7. Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Wind Prospect Developments Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

1.8. Going concern

The directors have considered a period of twelve months from the financial year end of the company and have produced appropriate budgets and forecasts. According to those budgets and forecasts, the directors are confident that planning consents will be granted on various sites and as a consequence those sites will be available for development. The directors have also established that associated companies are willing to pay for the feasibility and application costs of those sites. As a consequence, the directors believe that the going concern concept is the right and appropriate one for these accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit/(loss)	2005 £	2004 £
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	13,332	387
Operating lease rentals		
- Plant and machinery	2,393	-
Auditors' remuneration	6,378	2,600

4. Interest receivable and similar income	2005 £	2004 £
Bank interest	92,391	2,257

5. Interest payable and similar charges	2005 £	2004 £
On amounts payable to group companies	479,385	321,605

6. Employees

There were no employees during the year apart from the directors.

Wind Prospect Developments Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

7. Tax on profit/(loss) on ordinary activities

Analysis of charge in period	2005	2004
	£	£
Total current tax charge	-	-
Deferred tax		
Timing differences, origination and reversal	47,410	(253,473)
Total deferred tax	47,410	(253,473)
Tax on profit/(loss) on ordinary activities	47,410	(253,473)

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	163,513	(847,897)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2004 : 30%)	49,054	(254,369)
Effects of:		
Capital allowances for period in excess of depreciation	4,000	117
Utilisation of tax losses	(53,054)	253,472
Company losses not utilised	-	780
Current tax charge for period	-	-

Wind Prospect Developments Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

8. Tangible fixed assets	Plant and machinery £	Total £
Cost		
At 1 January 2005	23,359	23,359
Additions	36,439	36,439
At 31 December 2005	<u>59,798</u>	<u>59,798</u>
Depreciation		
At 1 January 2005	15,098	15,098
Charge for the year	13,332	13,332
At 31 December 2005	<u>28,430</u>	<u>28,430</u>
Net book values		
At 31 December 2005	<u>31,368</u>	<u>31,368</u>
At 31 December 2004	<u>8,261</u>	<u>8,261</u>

9. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 January 2005		
At 31 December 2005	<u>23,151</u>	<u>23,151</u>
Net book values		
At 31 December 2005	<u>23,151</u>	<u>23,151</u>
At 31 December 2004	<u>23,151</u>	<u>23,151</u>

Wind Prospect Developments Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

9.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Holderness Windfarm Limited	England and Wales	Windfarm development	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Holderness Windfarm Limited	97	-
10. Stocks	2005	2004
	£	£
Work in progress	<u>2,062,178</u>	<u>1,723,795</u>
11. Debtors	2005	2004
	£	£
Trade debtors	231	231
Other debtors	72,912	52,622
Prepayments and accrued income	16,712	-
	<u>89,855</u>	<u>52,853</u>
12. Creditors: amounts falling due within one year	2005	2004
	£	£
Trade creditors	62,204	(901)
Amounts owed to group undertaking	3,546,336	3,683,341
Amounts owed to participating interest	302,860	270,220
Accruals and deferred income	124,858	40,332
	<u>4,036,258</u>	<u>3,992,992</u>

Wind Prospect Developments Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

13. Provisions for liabilities and charges

	Deferred taxation (Note 14) £	Total £
At 1 January 2005	(253,473)	(253,473)
Movements in the year	47,410	47,410
At 31 December 2005	<u>(206,063)</u>	<u>(206,063)</u>

14. Provision for deferred taxation

	2005 £	2004 £
Tax losses carried forward	<u>47,410</u>	<u>(253,473)</u>
Provision at 1 January 2005	(253,473)	
Deferred tax charge in profit and loss account	<u>47,410</u>	
Provision at 31 December 2005	<u>(206,063)</u>	

15. Share capital

	2005 £	2004 £
Authorised equity		
70 Ordinary A shares of £1 each	70	70
30 Ordinary B shares of £1 each	30	30
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
70 Ordinary A shares of £1 each	70	70
30 Ordinary B shares of £1 each	30	30
	<u>100</u>	<u>100</u>

Wind Prospect Developments Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

16. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit/(loss) for the year	116,103	(594,424)
Opening shareholders' funds	(1,563,754)	(969,330)
Closing shareholders' funds	(1,447,651)	(1,563,754)

17. Related party transactions

Cumbria Wind Farms Limited, a company which owns 70% of the share capital of Wind Prospect Developments Limited, repaid loans during the year to the value of £738,750 (2004-£1,915,000 advanced). The total value of loan owed to Cumbria Wind Farms Limited included in creditors at the year end is £2,442,760 (2004-£3,226,510). These loans accrue interest at 15% per annum. An amount of £903,576 (2004-£456,831) is included in creditors in respect of interest owing on these loans. Wind Prospect Group Limited (formerly Windconstruct Limited), a company which owns 30% of the share capital of Wind Prospect Developments Limited, advanced loans to the value of £NIL (2004-£25,000) during the year. The total value of loans owed to Wind Prospect Group Limited included in creditors at the year end is £217,600 (2004-£217,600). These loans also accrue interest at 15% per annum. An amount of £85,260 (2004-£52,620) is included in creditors in respect of interest owing on these loans. Westbury Windfarms Limited, a company within the EDF Energies S.A. group advanced loans during the year to the value of £200,000 (2004-£NIL). The total value of loan owed to Westbury Windfarms Limited included in creditors at the year end is £200,000 (2004-NIL).

During the year management and administrative services to the value of £943,988 (2004-£779,211) were provided by Wind Prospect Limited. Wind Prospect Limited is a 100% subsidiary of Wind Prospect Group Limited, a company that owns 30% of the share capital of Wind Prospect Developments Limited.

During the year services to the value of £NIL (2004-£146,928) were provided by EDF Energy Networks Limited. EDF Energy Networks Limited is a subsidiary of EDF Energies S.A. a company incorporated in France, who are a shareholder in EDF Energies Nouvelles S.A., the ultimate holding company.

18. Ultimate parent undertaking

The immediate parent company is Cumbria Wind Farms Limited, a company incorporated in England and Wales. The ultimate holding company is EDF Energies Nouvelles S.A. a company incorporated in France.

Wind Prospect Developments Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

19. Gross cash flows

	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	<u>92,391</u>	<u>2,257</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(36,439)</u>	<u>(7,411)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	<u>-</u>	<u>(23,151)</u>

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	<u>367,705</u>	<u>(191,713)</u>	<u>175,992</u>
Net funds	<u>367,705</u>	<u>(191,713)</u>	<u>175,992</u>

Wind Prospect Developments Limited

The following pages do not form part of the statutory accounts.

Wind Prospect Developments Limited

**Detailed trading and profit and loss account
for the year ended 31 December 2005**

	2005		2004	
	£	£	£	£
Sales		3,776,596		-
Cost of sales				
Direct costs	2,833,053		-	
		(2,833,053)		-
Gross profit	25%	943,543	-%	-
Administrative expenses		393,036		528,549
		(393,036)		(528,549)
Operating profit/(loss)	15%	550,507	-%	(528,549)
Other income and expenses				
Interest receivable				
Bank deposit interest		92,391		2,257
		92,391		2,257
Interest payable				
Group interest		479,385		321,605
		(479,385)		(321,605)
Net profit/(loss) for the year		163,513		(847,897)

Wind Prospect Developments Limited

Administrative expenses for the year ended 31 December 2005

	2005	2004
	£	£
Administrative expenses		
Rates	5,832	-
Insurance	11,937	-
Leasing of plant and machinery	2,393	-
Repairs and maintenance	235	-
Printing, postage and stationery	19,281	13,834
Advertising	8,789	10,045
Telephone	214	1,169
Computer costs	2,380	-
Motor expenses	466	515
Travelling and subsistence	41,829	33,534
Land agents fees	19,350	8,214
Legal and professional	157,402	131,528
Due diligence	4,761	-
Management charge	625,915	604,993
Consultancy fees	1,542,250	646,494
Development Fees	1,210,000	-
Accountancy	4,802	5,524
Audit	6,378	2,600
Planning charges	24,628	57,846
Option fees	23,396	45,986
Bank charges	334	238
General expenses	6,933	4,384
Subscriptions	795	1,228
Costs recovered from joint venture company	(170,160)	(35,832)
Licences and permits	1,000	450
Closing work in progress	(338,383)	(1,004,588)
Transfer to Direct Costs	(2,833,053)	-
Depreciation on plant and machinery	13,332	387
	<u>393,036</u>	<u>528,549</u>