

Triodos  **Renewable Energy Fund**
(Formerly the Wind Fund)

ANNUAL REPORT 2002



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Registered in England and Wales no. 2978651

Front cover photo: Haverigg 11 Limited

Back cover photo: The Wind Fund (Beochlich) Limited - view from the pumphouse

Printed on recycled paper

Chair's report

The Wind Fund continued to be profitable in 2002. With improved performance at our hydro-electric project, the emergence of a clearer strategy for the future, and adequate existing reserves, the directors are pleased to recommend a dividend of 3.3p per share.

Performance has historically been weak at our hydro-electric scheme at Beochlich in Argyll in Scotland. In 2002 we initiated and completed a thorough overhaul of the control system and finished works at the storage dam. As a result, electricity production in the last three months of the year was finally achieving levels predicted prior to construction. We now look forward with greater confidence to profitable operation in the future.

The wind blew less in Cumbria in 2002 than average, but our windcluster at Haverigg II still managed a 2.1% increase in output over the previous year. This was largely due to improved service performance.

As detailed in last year's Annual Report, our investment in Solar Development Capital represented a new departure for The Wind Fund. This \$30 million fund supported by the World Bank and Global Environment Facility, focuses on financing businesses involved in solar power – 'photovoltaics' or 'pv' – in rural communities in development countries.

For several years now, the UK Government's policy on renewables has been under review. We have mirrored this in The Wind Fund as we sought to understand the role the company may be able to take in the future.

The Government's new policy has now crystallised and we find ourselves emerging into a brave new world of obligations and tradeable certificates. The policy framework is by no means ideal but we do see that the end of uncertainty has in itself helped to galvanise new development.

As a result, we also see a new possibility for The Wind Fund to grow and develop on a profitable basis.

At the Annual General Meeting held on 14 December 2002 a number of developments were discussed:

To ensure The Wind Fund enjoys the full benefits of its close ties with the Triodos Group, the board has asked Triodos Bank to become the executive director of the fund. The fund's other, non-executive directors will be independent individuals, whose role will be to ensure that there is appropriate corporate governance and that the interests of the public shareholders are properly looked after. As the executive director Triodos Bank will be fully accountable to the board for all aspects of managing the fund.

Triodos Bank has extensive fund management experience and involvement in renewable energy finance. The board of The Wind Fund feels that this puts Triodos Bank in an ideal position to provide these services and that the company will benefit from the experience and market knowledge, the reputation and the resources within Triodos Bank.

To better reflect The Wind Fund's positioning within the Triodos Group and to benefit from its name and reputation, as well as to make clear that the fund also invests in other renewable sources of energy than wind, the board proposes to change the name of the Wind Fund plc to Triodos Renewable Energy Fund plc. A resolution to this effect was agreed at the AGM, and the name change registered on 3 January 2003.

The Wind Fund intends to widen the scope of its investment activities to reflect the current market situation. To date there have been very few investment opportunities (there have been only 7 wind new farms commissioned in the UK so far in 2002).

We are considering investing in projects at earlier stages of development. This is partly due to the new Renewables Obligation that has encouraged a growing number of development opportunities at potential project sites. This kind of investment has a higher risk profile than investment in projects that have already had the authorities' green light. The Wind Fund will announce to developers its intention to consider proposals for involvement at an earlier stage. Following this we intend to build a portfolio of potential projects that may result in a wider pool of ownership opportunities.

We are also considering debt finance for projects that are being developed by other parties such as community groups and independent developers. With development activity increasing again in the UK, particularly in wind energy, we expect this to be a growing need, particularly for smaller scale community projects, and an interesting area of investment for The Wind Fund.

It is likely therefore that we will be pursuing further capital raising activities during 2003.

Matthijs Bierman
Chair
11 April 2003

Officers and Professional Advisers

DIRECTORS

T Anderson (*resigned*
30 September 2002)

J Harrison

T Kirby

S Roberts (*resigned*
17 May 2002)

M G Bierman

SECRETARY

R Tutin (*resigned* 23
January 2002)

S Roberts (*appointed* 23
January 2002)

S Roberts (*resigned* 17
May 2002)

M G Bierman (*appointed*
17 May 2002)

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol BS8 3NN

BANKERS

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

SOLICITORS

TLT Solicitors
Bush House
72 Prince Street
Bristol BS99 7JZ

AUDITORS

Elliott Bunker
30 Queen Square
Bristol BS1 4ND

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Wind Fund plc was established to provide equity finance for small-scale renewable energy projects. The principal activity of the company is direct investment in the development and operation of small-scale renewable energy projects such as wind farms and hydro schemes. It provides a mechanism for individuals and institutions to invest directly in renewable energy opportunities. Its subsidiaries, The Wind Fund (Beochlich) Limited and Haverigg II Limited operate a hydro electric project and a wind farm project respectively. The company also holds a share in Solar Development Capital, an investment company established to invest in renewable energy enterprises in developing countries.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The group achieved a profit before taxation for the year to 31 December 2002 of £103,718 (2001 : £87,767).

The Wind Fund plc invested in two renewable energy projects during 1998 through subsidiary undertakings, The Wind Fund (Beochlich) Limited and Haverigg II Limited. These subsidiaries have been operating the projects during 2002.

The Wind Fund (Beochlich) Limited runs a hydro-electric scheme in Scotland. It achieved 33% more electricity production in 2002 compared with 2001. A number of improvements were made to the control system and operating regime in the second half of 2002, resulting in significant improvements in performance towards the end of the year. In the last three months of 2002, for the first time in the project's history, production achieved was in line with levels predicted prior to construction.

The construction of the storage dam, which had been postponed in October 2001 after heavy rainfall caused the failure of a temporary diversion bund, was completed in the summer of 2002. An insurance claim for lost production and other costs incurred as result of this incident was resolved at the end of 2002.

Haverigg II Limited runs a four turbine wind cluster in Cumbria, in which one of the turbines is owned by Baywind Energy Co-operative Limited. Electricity output was 2.3% higher in 2002 than 2001, in spite of lower average wind speeds at the site. This was due principally to improved performance of the service providers under the Service and Warranty Agreement. This agreement also provides a minimum annual production guarantee. During the year, claims were successfully made under the Service and Warranty Agreement for one period of lost production and for a shortfall of 4% against the minimum production guarantee.

On 2 March 2001, the directors agreed to invest US\$500,000 in Class 'A' shares in Solar Development Capital Limited, a \$30 million fund supported by the World Bank and Global Environment Facility. Solar Development Capital Limited has been set up to invest in for-profit private sector business activity in the distribution, retail and financing of environmentally sound and reliable energy - principally photovoltaics ('pv' or 'solar power') - to those rural communities in developing countries without access to a reliable electric grid. During the year, in response to capital calls, \$17,500 of this investment was paid to Solar Development Capital Limited to support its continued development.

Solar Development Capital Limited is managed by Stichting Triodos pv Partners, a joint venture involving Triodos Ventures bv which owns the 'A' ordinary share in The Wind Fund plc.

RESULTS AND DIVIDENDS

The directors recommend the payment of a final proposed dividend of £88,948 (2001: £88,948). The retained loss for the year of £13,435 (2001: £215) has been transferred to reserves.

The directors consider that the company is well placed to perform satisfactorily in the future.

INTRODUCTION OF THE EURO

The group has minimal ongoing sales and purchases outside the UK. Discussions with major customers and suppliers show little requirement for dealing in the Euro currency. It is proposed to deal with the Euro in the same way as any other non-sterling currency until the Euro becomes a more established currency and/or a decision is taken by the UK Government to join the Euro currency.

PAYMENT POLICY

The group policy is to comply with the terms of payment agreed with a supplier rather than to follow a particular code or standard. Where terms are not negotiated, the company endeavours to adhere to the suppliers' standard terms. Trade creditors relate mainly to fixed assets purchased in the year and so no meaningful creditors' days calculation is possible.

DIRECTORS

The directors during the year were as follows:

T Anderson (*resigned 30 September 2002*)

J Harrison

T Kirby

S Roberts (*resigned 17 May 2002*)

M G Bierman

DIRECTORS' INTERESTS IN SHARES

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

	50p Ordinary shares fully paid	
	2002	2001
T Anderson	-	-
J Harrison	2,000	2,000
T Kirby	-	-
M G Bierman	-	-

Approved by the Board of Directors
and signed on behalf of the Board 11 April 2003

M G Bierman
Secretary

M G Bierman
Director

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

Auditors' report to the members of The Wind Fund plc

We have audited the financial statements of Wind Fund plc for the year ended 31 December 2002 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 members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members 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 statement in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 OPINION

We conducted our audit in accordance with United Kingdom 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 affairs of the company and the group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Elliott Bunker

Chartered Accountants and Registered Auditors

12 May 2003

Consolidated profit and loss account

Year ended 31 December 2002

	Note	Continuing operations	
		2002 £	2001 £
Turnover	1	471,827	381,718
Cost of sales		(246,795)	(199,838)
Gross profit		225,032	181,880
Administrative expenses		(80,596)	(47,584)
Operating profit	3	144,436	134,296
Interest receivable and similar income		68,489	98,930
Interest payable and similar charges	5	(109,207)	(145,459)
Profit on ordinary activities before taxation		103,718	87,767
Tax credit/(charge) on profit on ordinary activities	6	(28,205)	1,396
Profit on ordinary activities after taxation		75,513	89,163
Dividends payable	7	(88,948)	(88,948)
Retained (loss)/profit for the year	17	(13,435)	215

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

Consolidated balance sheet

At 31 December 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	9		2,687,834		2,812,922
Investments			23,088		12,362
Current assets					
Debtors	11		118,018		187,539
Cash at bank and in hand			1,833,777		1,844,640
Investments			173,500		173,500
			<hr/>		<hr/>
			2,125,295		2,205,679
Creditors: amounts falling due within one year					
	12	(531,260)		(508,720)	
		<hr/>		<hr/>	
Net current assets			1,594,035		1,696,959
			<hr/>		<hr/>
Total assets less current liabilities			4,304,957		4,522,243
Creditors: amounts falling due after more than one year					
	13	(1,396,037)		(1,628,093)	
Provisions for liabilities and charges					
	15	(87,982)		(59,777)	
		<hr/>		<hr/>	
Net assets			2,820,938		2,834,373
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	16		1,212,930		1,212,930
Share premium account	17		1,551,950		1,551,950
Profit and loss account	17		56,058		69,493
			<hr/>		<hr/>
Equity shareholders' funds	18		2,820,938		2,834,373
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the Board of Directors on 11 April 2003

Signed on behalf of the Board of Directors

M G Bierman
Director

Company balance sheet

At 31 December 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Investments	10		838,163		827,437
Current assets					
Debtors	11	717,976		616,332	
Cash at bank and in hand		1,675,421		1,687,819	
		<u>2,393,397</u>		<u>2,304,151</u>	
Creditors: amounts falling due within one year					
	12	(222,101)		(149,768)	
		<u></u>		<u></u>	
Net current assets			<u>2,171,296</u>		<u>2,154,383</u>
Net assets			<u><u>3,009,459</u></u>		<u><u>2,981,820</u></u>
Capital and reserves					
Called up share capital	16		1,212,930		1,212,930
Share premium account	17		1,551,950		1,551,950
Profit and loss account	17		244,579		216,940
			<u></u>		<u></u>
Equity shareholders' funds			<u><u>3,009,459</u></u>		<u><u>2,981,820</u></u>

These financial statements were approved by the Board of Directors

Signed on behalf of the Board of Directors

M G Bierman
Director

Consolidated cash flow statement

Year ended 31 December 2002

		2002	2001
	Note	£	£
Net cash inflow from operating activities	19	435,999	261,196
Returns on investments and servicing of finance			
Interest received		68,489	98,929
Interest paid		(109,207)	(145,459)
Net cash outflow from returns on investments and servicing of finance		(40,718)	(46,530)
Capital expenditure and financial investment			
Investment in Solar Development Capital		(10,726)	(12,362)
Purchase of tangible fixed assets		(40,227)	(159,753)
Net cash outflow from capital expenditure and financial investment		(50,953)	(172,115)
Net cash inflow/ (outflow) before use of liquid resources and financing		344,328	42,551
Equity Dividends Paid		(88,948)	-
Financing			
Repayment of borrowings		(232,057)	(194,378)
Net cash outflow from financing		(321,005)	(194,378)
Increase/(decrease) in cash in the year	21	23,323	(151,827)

Notes to the accounts

Year ended 31 December 2002

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 December 2002. The directors have also taken advantage of the exemption granted by the Companies Act to omit the company profit and loss account from these financial statements.

Current asset investment

Current asset investments represent cash held on deposit.

Investments

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

Tangible fixed assets

Depreciation is provided on cost in equal annual installments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	5% per annum
---------------------	--------------

Assets under course of construction are not depreciated.

Turnover

Turnover which is stated net of value added tax represents amounts invoiced in relation to the company's and group's principal activities in the United Kingdom.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt within the profit and loss account.

Leases

Rentals in respect of operating leases are charged to profit and loss in equal annual amounts over the lease term.

2. CLASS OF BUSINESS

The directors consider that there is only one class of business and hence segmental information by class is not provided.

3. OPERATING PROFIT

	2002	2001
	£	£
Operating profit is after charging:		
Auditors' remuneration:		
- audit services	5,136	5,135
- other services including taxation	2,015	2,029
Depreciation	165,316	152,234
Other operating leases	24,919	15,747

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002	2001
	£	£
The emoluments of directors of the company were:		
Directors' emoluments	14,050	5,400

No pension emoluments were paid on the behalf of directors.

Messrs S Roberts and M G Bierman received no emoluments from The Wind Fund plc Group.

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

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	-	614
Loans repayable after more than five years	109,207	144,845

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
Deferred taxation credit/(charge)	(28,205)	1,396

7. DIVIDENDS

	2002	2001
	£	£
Final proposed (2001: 3.3p) per ordinary share	80,053	80,053
Final proposed dividend per 'A' ordinary share	8,895	8,895

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £27,639 (2001: £51,798).

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Total £
Cost		
At 1 January 2002	3,286,535	3,286,535
Additions	40,227	40,227
	<hr/>	<hr/>
At 31 December 2002	3,326,762	3,326,762
	<hr/>	<hr/>
Accumulated depreciation		
At 1 January 2002	473,612	473,612
Provision for the year	165,316	165,316
	<hr/>	<hr/>
At 31 December 2002	638,928	638,928
	<hr/>	<hr/>
Net book value		
At 31 December 2002	2,687,834	2,687,834
	<hr/>	<hr/>
At 31 December 2001	2,812,922	2,812,922
	<hr/>	<hr/>

10. INVESTMENTS

Company

Investments in subsidiary undertakings at cost: £

At 1 January 2002 and at 31 December 2002 815,075

The company owns 100% of the issued ordinary shares of The Wind Fund (Beochlich) Limited, a company incorporated in England. The principal business activity of The Wind Fund (Beochlich) Limited is power supply.

The company owns 100% of the issued ordinary shares of Haverigg II Limited, a company incorporated in England. The principal business activity of Haverigg II Limited is power supply.

Other investments (Solar Development Capital): £

Investment made in response to capital calls as at 1 January 2002 12,362

Additions 10,726

Balance as at 31 December 2002 23,088

II. DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	40,578	62,147	-	-
Amounts owed by group undertakings	-	-	717,574	607,637
Other debtors	6,503	116,426	402	8,695
Prepayments and accrued income	70,937	120,521	-	-
	<u>118,018</u>	<u>187,539</u>	<u>717,976</u>	<u>616,332</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Overdrafts	-	34,186	-	-
Bank loans	232,057	218,033	-	-
Trade creditors	16,779	48,926	2,374	430
Other creditors including taxation and social security	21,267	9,243	2,209	-
Accruals and deferred income	81,825	74,344	38,186	25,350
Proposed dividend	179,332	123,988	179,332	123,988
	<u>531,260</u>	<u>508,720</u>	<u>222,101</u>	<u>149,768</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans	<u>1,396,037</u>	<u>1,628,093</u>	-	-

14. BORROWINGS

	2002	2001
	£	£
Bank loans		
Amounts payable:		
- due within one year	232,057	218,033
- due after more than one year	1,396,036	1,628,093
	<u>1,628,093</u>	<u>1,846,126</u>
Analysis of loan repayments		
Bank loans and overdrafts:		
- within one year	232,057	218,033
- within one to two years	246,984	232,058
- within two to five years	840,424	789,632
- after five years	308,628	606,403
	<u>1,628,093</u>	<u>1,846,126</u>

Bank loans comprise of £1,628,093 with Triodos Bank and bear interest currently at 2.25% over Royal Bank of Scotland base rate. This is repayable in monthly installments and is secured by fixed and floating charges on the fixed assets of the subsidiary companies.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Group	At 1 January 2002 £	Charged to profit and loss account £	At 31 December 2002 £
Deferred taxation	59,777	28,205	87,982

The amounts of deferred tax provided and unprovided in the accounts are as follows:

	Provided		Unprovided	
	2002 £	2001 £	2002 £	2001 £
Accelerated capital allowances	359,650	345,880	-	-
Trading losses	(271,668)	(286,103)	-	-
	87,982	59,777	-	-

16. CALLED UP SHARE CAPITAL

	2001 No.	and 2002 £
Authorised		
Ordinary shares of £0.50 each	50,000,000	25,000,000
'A' ordinary share of £2 each	1	2
	50,000,001	25,000,002
Called up, allotted and fully paid		
Fully paid ordinary shares of £0.50 each	1,212,928	1,212,928
'A' ordinary share of £2 each	2	2
	1,212,930	1,212,930

Rights attached to shares

The 'A' ordinary share has the right:

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

17. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account	Profit and loss account
Group	£	£
At 1 January 2002	1,551,950	69,493
Retained loss for the year	-	(13,435)
	<hr/>	<hr/>
At 31 December 2002	1,551,950	56,058
	<hr/> <hr/>	<hr/> <hr/>
	£	£
Company		
At 1 January 2002	1,551,950	216,940
Retained profit for the year	-	27,639
	<hr/>	<hr/>
At 31 December 2002	1,551,950	244,579
	<hr/> <hr/>	<hr/> <hr/>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
Group	£	£
Retained loss for the financial year	(13,435)	215
	<hr/>	<hr/>
Net additions to shareholders' funds	(13,435)	215
Opening shareholders' funds	2,834,373	2,834,158
	<hr/>	<hr/>
Closing shareholders' funds	2,820,938	2,834,373
	<hr/> <hr/>	<hr/> <hr/>
	£	£
Company		
Retained profit for the financial year	27,639	51,798
New share capital subscribed (net of issue costs)	-	-
	<hr/>	<hr/>
Net additions to shareholders' funds	27,639	51,798
Opening shareholders' funds	2,981,820	2,930,022
	<hr/>	<hr/>
Closing shareholders' funds	3,009,459	2,981,820
	<hr/> <hr/>	<hr/> <hr/>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH

	2002	2001
Inflow from operating activities	£	£
Operating profit	144,436	134,296
Decrease in debtors	69,521	6,526
Increase/(Decrease) in creditors	56,726	(31,860)
Depreciation	165,316	152,234
	<hr/>	<hr/>
Net cash inflow from operating activities	435,999	261,196
	<hr/> <hr/>	<hr/> <hr/>

20. ANALYSIS OF NET FUNDS

	At 1 January 2002 £	Cash flow £	Non-cash changes £	At 31 December 2002 £
Cash at bank and in hand	1,844,640	(10,863)	-	1,833,777
Overdrafts	(34,186)	34,186	-	-
Bank loans falling due within one year	(218,033)	218,033	(232,057)	(232,057)
Bank loans falling due after more than one year	(1,628,093)	-	232,057	(1,396,036)
Current asset investments	173,500	-	-	173,500
	<u>137,828</u>	<u>241,356</u>	<u>-</u>	<u>379,184</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £
Decrease in cash at bank in the year	(10,863)
Decrease in overdrafts in the year	34,186
Cash outflow from decrease in debt	218,033
	<u>241,356</u>
Change in net debt resulting from cash flows	241,356
Movement in net debt in the year	241,356
Net funds/(debt) at 1 January	137,828
	<u>379,184</u>
Net funds at 31 December	<u>379,184</u>

22. CAPITAL COMMITMENTS

	2002 £	2001 £
At 31 December 2002, the group was committed to the following capital expenditure	-	-

On 2 March 2001, the directors agreed to invest US\$500,000 in Class 'A' shares in Solar Development Capital Limited.

	Capital Commitment \$
As at 1 January 2002	-
Capital committed	482,500
Capital calls during the year	(15,000)
	<u>467,500</u>
As at 31 December 2002	<u>467,500</u>
	£
Sterling equivalent	<u>294,711</u>

A \$30 million fund supported by the World Bank and Global Environment Facility, Solar Development Capital Limited has been set up to invest in for-profit private sector business activity in the distribution, retail and financing

of environmentally sound and reliable energy – principally photovoltaics – to those rural communities in developing countries without access to a reliable electric grid.

Solar Development Capital Limited is managed by Stichting Triodos PV Partners, a joint venture involving Triodos Ventures BV which owns the 'A' ordinary share in The Wind Fund plc.

23. OPERATING LEASE COMMITMENTS

At 31 December 2002 the group was committed to making the following payments during the next year in respect of operating leases:

Land and buildings	2002	2001
	£	£
Leases which expire - in over five years	16,493	16,360
	<u> </u>	<u> </u>

24. RELATED PARTY TRANSACTIONS

Under the terms of the 'Provision for Administrative Services Agreement' entered into between Triodos Bank, an associate of Triodos Ventures BV and The Wind Fund plc, Triodos Bank is responsible for handling all the administrative running of the company. During the year, Triodos Bank received fees of £18,000 for this service (2001: £18,000). This amount is included in creditors at the year end.

Of this amount, £6,000 was recharged to each of The Wind Fund plc's subsidiary companies during the year.

