

Company Registration No. 134402 (Scotland)

BLAIRHILL WATER POWER LIMITED

DIRECTORS' REPORT
AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



SCT STEXUGNT 1095
COMPANIES HOUSE 28/06/06

BLAIRHILL WATER POWER LIMITED

COMPANY INFORMATION

Directors	The Hon E D Bruce BA Mr J O Wilson Mr G Pease
Secretary	The Hon E D Bruce BA
Company number	134402
Registered office	2 Firehill Cottages Rumbling Bridge Kinross KY13 0PX
Accountants	Geoghegan & Co 6 St Colme Street Edinburgh EH3 6AD
Bankers	Clydesdale Bank PLC West End Branch 21 Queensferry Street Edinburgh EH2 4RD

BLAIRHILL WATER POWER LIMITED

CONTENTS

	Page
Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4 - 5
Notes to the financial statements	6 - 9

BLAIRHILL WATER POWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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

Principal activities

The company's principle activities are to carry on all operations in connection with the generation and supply of hydro-electric power.

Directors

The following directors have held office since 1 January 2005:

The Hon E D Bruce BA
Mr J O Wilson
Mr G Pease

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	31 December 2005	1 January 2005
The Hon E D Bruce BA	15,000	15,000
Mr J O Wilson	15,000	15,000
Mr G Pease	8,000	8,000

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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



The Hon E D Bruce BA

26/06/06

BLAIRHILL WATER POWER LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF BLAIRHILL WATER POWER LIMITED

In accordance with the engagement letter dated 1 December 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Blairhill Water Power Limited for the year ended 31 December 2005, set out on pages 3 to 9 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with best practice issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Geoghegan & Co

Accountants

26/6/06.

6 St Colme Street
Edinburgh
EH3 6AD

BLAIRHILL WATER POWER LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		89,944	76,708
Administrative expenses		(59,318)	(44,753)
Operating profit	2	30,626	31,955
Other interest receivable and similar income	3	455	89
Interest payable and similar charges		(389)	(770)
Profit on ordinary activities before taxation		30,692	31,274
Tax on profit on ordinary activities	4	-	-
Profit for the year	11	30,692	31,274

BLAIRHILL WATER POWER LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	6	215,829		222,638	
Current assets					
Debtors	7	22,342		24,279	
Cash at bank and in hand		30,544		17,036	
		<u>52,886</u>		<u>41,315</u>	
Creditors: amounts falling due within one year	8	<u>(5,107)</u>		<u>(5,823)</u>	
Net current assets		<u>47,779</u>		<u>35,492</u>	
Total assets less current liabilities		<u>263,608</u>		<u>258,130</u>	
Creditors: amounts falling due after more than one year	9	<u>(50,000)</u>		<u>(61,715)</u>	
		<u>213,608</u>		<u>196,415</u>	
Capital and reserves					
Called up share capital	10	90,000		90,000	
Profit and loss account	11	123,608		106,415	
Shareholders' funds	12	<u>213,608</u>		<u>196,415</u>	

BLAIRHILL WATER POWER LIMITED

BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2005

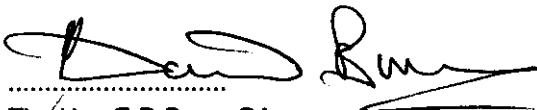
In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board for issue on

26/06/06



The Hon E D Bruce BA
Director

BLAIRHILL WATER POWER 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 and in accordance with the Not in use.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Construction Work	2% Straight Line
Leased Assets	15% Straight Line
Equipment	15% and 25% Straight Line

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	6,810	6,810
Directors' emoluments	7,000	5,000

3 Investment income	2005	2004
	£	£
Bank interest	455	89

4 Taxation

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would increase by £ nil (2004 - £ 3,127).

On the basis of these financial statements no provision has been made for corporation tax.

BLAIRHILL WATER POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5	Dividends	2005 £	2004 £
	Ordinary interim paid	13,500	4,500

6	Tangible fixed assets	Construction Work £	Leased Assets £	Equipment £	Total £
	Cost				
	At 1 January 2005 & at 31 December 2005	302,990	208,300	31,196	542,486
	Depreciation				
	At 1 January 2005	82,851	208,300	28,696	319,847
	Charge for the year	6,060	-	750	6,810
	At 31 December 2005	88,911	208,300	29,446	326,657
	Net book value				
	At 31 December 2005	214,079	-	1,750	215,829
	At 31 December 2004	220,138	-	2,500	222,638

7	Debtors	2005 £	2004 £
	Trade debtors	4,581	4,102
	Other debtors	17,761	20,177
		22,342	24,279

8	Creditors: amounts falling due within one year	2005 £	2004 £
	Bank loans and overdrafts	2,706	-
	Taxation and social security	689	1,168
	Other creditors	1,712	4,655
		5,107	5,823

BLAIRHILL WATER POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9	Creditors: amounts falling due after more than one year	2005	2004
		£	£
	Other creditors	50,000	61,715
	Analysis of loans		
	Wholly repayable within five years	50,000	61,715
	Included in the above were loans from directors. These comprised £0 (2004: £4,059) from The Hon E D Bruce BA; and £0 (2004: £2,774) from G Pease. Interest on these loans is added quarterly at a rate of 5% (2004: 5%) per annum.		
10	Share capital	2005	2004
		£	£
	Authorised		
	90,000 Ordinary of £1 each	90,000	90,000
	Allotted, called up and fully paid		
	90,000 Ordinary of £1 each	90,000	90,000
11	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2005		106,416
	Retained profit for the year		17,192
	Balance at 31 December 2005		123,608
12	Reconciliation of movements in shareholders' funds	2005	2004
		£	£
	Profit for the financial year	30,692	31,274
	Dividends	(13,500)	(4,500)
	Net addition to shareholders' funds	17,192	26,774
	Opening shareholders' funds	196,415	169,641
	Closing shareholders' funds	213,608	196,415

BLAIRHILL WATER POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) ***FOR THE YEAR ENDED 31 DECEMBER 2005***

13 Control

There is no ultimate controlling party.