

Registered number: 151665

SUMMERLEAZE RE-GENERATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2006

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SUMMERLEAZE RE-GENERATION LIMITED

COMPANY INFORMATION

DIRECTORS

P H Prior
J P Malkinson
B G Prior
M A Lowe (appointed 7/6/06)

SECRETARY

J P Malkinson

COMPANY NUMBER

151665

REGISTERED OFFICE

7 Summerleaze Road
Maidenhead
Berkshire
SL6 8SP

AUDITORS

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

SUMMERLEAZE RE-GENERATION LIMITED

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SUMMERLEAZE RE-GENERATION LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2006

The directors present their report and the financial statements for the Period ended 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity is the generation of electricity from landfill gas.

The directors are satisfied with the performance of the company during the period.

RESULT

The profit for the Period, after taxation, amounted to £2,943,582 (2004 - £551,575).

DIRECTORS

The directors who served during the Period and their interests in the company's issued share capital were:

	Ordinary Shares shares of £1 each	
	31/3/06	1/1/05
P H Prior	-	-
J P Malkinson	-	-
B G Prior	-	-
M A Lowe (appointed 7/6/06)	-	-

The directors did not have any beneficial interest in the shares of the company as defined by the Companies Act 1985. The interests of the directors in the shares of the parent company, Summerleaze Limited, are disclosed in the financial statements of that company.

No right to subscribe for shares or debentures in the company was granted to, or exercised by, the directors during the period.

AUDITORS

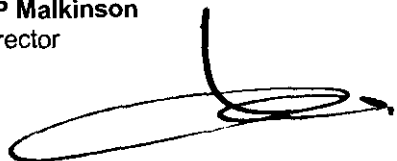
The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

SUMMERLEAZE RE-GENERATION LIMITED

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2006

This report was approved by the board on 11 January 2007 and signed on its behalf.

J P Malkinson
Director



SUMMERLEAZE RE-GENERATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMMERLEAZE RE-GENERATION LIMITED

We have audited the financial statements of Summerleaze Re-generation Limited for the Period ended 31 March 2006 set out on pages 5 to 16. These financial statements have been prepared in accordance with 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 work has been undertaken so that we might state to the company's members 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 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 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 judgments 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.

SUMMERLEAZE RE-GENERATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMMERLEAZE RE-GENERATION
LIMITED

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 March 2006 and of its profit for the Period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP

Chartered Accountants
Registered Auditors

Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

Date: *12 January 2007*

SUMMERLEAZE RE-GENERATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2006**

	Note	Period 31 March 2006 £	Year 31 December 2004 £
TURNOVER	1,2	23,589,750	10,510,086
Change in stocks of finished goods and work in progress		(179,858)	358,257
Other operating income		52,797	230,399
Other external charges		(14,717,529)	(7,414,545)
Staff costs	4	(2,156,412)	(1,586,304)
Depreciation and amortisation		(2,395,280)	(1,075,307)
OPERATING PROFIT	3	4,193,468	1,022,586
Interest receivable		6,150	8,870
Interest payable	6	(182,258)	(97,375)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,017,360	934,081
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(1,073,778)	(382,506)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	2,943,582	551,575

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2004 other than those included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

SUMMERLEAZE RE-GENERATION LIMITED

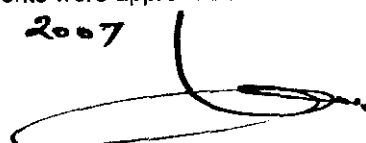
**BALANCE SHEET
AS AT 31 MARCH 2006**

	Note	31 March 2006 £	£	31 December 2004 £	£
FIXED ASSETS					
Tangible fixed assets	8		14,539,576		15,634,880
CURRENT ASSETS					
Stocks	9	467,884		647,742	
Debtors	10	4,992,156		3,109,626	
Cash at bank		20,674		1,035,647	
		<u>5,480,714</u>		<u>4,793,015</u>	
CREDITORS: amounts falling due within one year	11	<u>(3,192,196)</u>		<u>(2,475,138)</u>	
NET CURRENT ASSETS			<u>2,288,518</u>		<u>2,317,877</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,828,094</u>		<u>17,952,757</u>
CREDITORS: amounts falling due after more than one year	12		<u>(2,473,494)</u>		<u>(7,157,678)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred tax	13	(2,237,139)		(2,019,490)	
Other provisions	14	<u>(1,688,600)</u>		<u>(1,290,310)</u>	
			<u>(3,925,739)</u>		<u>(3,309,800)</u>
NET ASSETS			<u>10,428,861</u>		<u>7,485,279</u>
CAPITAL AND RESERVES					
Called up share capital	15		11,750		11,750
Share premium account	16		1,303,150		1,303,150
Profit and loss account	16		9,113,961		6,170,379
SHAREHOLDERS' FUNDS - All equity	17		<u>10,428,861</u>		<u>7,485,279</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

11 January 2007

J P Malkinson
Director



The notes on pages 7 to 16 form part of these financial statements.

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Revenue in respect of electricity generated that has not been invoiced at the end of the accounting period has been accrued for and is included within Prepayments and accrued income.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Generator equipment	-	15 years straight line
Motor vehicles	-	5 years straight line
Office equipment	-	3 years straight line
Mobile plant and commercial vehicles	-	5 - 8 years straight line
Leasehold building improvements	-	5 years straight line or lease term if shorter
Leasehold gas rights	-	20 years straight line

The freehold land acquired in a previous year has been fully depreciated as the acquisition was necessary for access to the landfill site, which itself has no value.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Pensions

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Contributions to the group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the average remaining working lives of the current employees at each actuarial valuation date.

1.10 Electrical generation scheme refurbishment costs

These costs are written off as incurred.

1.11 Provisions

The company is exposed to environmental liabilities relating to its past operations. Provision has been made on an undiscounted basis for the obligation to provide restoration work and annual aftercare expenses on company landfill sites.

2. TURNOVER

All turnover arose within the United Kingdom.

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2006

3. OPERATING PROFIT

The operating profit is stated after charging:

	Period 31 March 2006 £	Year 31 December 2004 £
Depreciation of tangible fixed assets:		
- owned by the company	2,031,630	1,075,310
- held under finance leases	363,650	-
Auditors' remuneration	17,000	13,000
Auditors' remuneration - other services	-	6,000
Group management fees	(52,797)	(230,399)
Group management charge	284,113	177,915
(Profit)/loss on disposal of tangible fixed assets	(19,972)	232
Exchange differences	(1,887)	1,299

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Period 31 March 2006 £	Year 31 December 2004 £
Wages and salaries	1,749,174	1,214,730
Social security costs	188,100	124,543
Other pension costs	219,138	247,031
	<u>2,156,412</u>	<u>1,586,304</u>

The average monthly number of employees, including the directors, during the Period was as follows:

	Period 31 March 2006 No.	Year 31 December 2004 No.
Management, sales and administration	7	8
Operations	31	28
	<u>38</u>	<u>36</u>

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006

5. DIRECTORS' REMUNERATION

	Period 31 March 2006 £	Year 31 December 2004 £
Emoluments	<u>120,989</u>	<u>91,603</u>

There were 3 directors in the group's defined benefit pension scheme during the year (2004: 3).

The management charge payable to the parent company, Summerlease Limited includes a charge for services carried out by other directors. These directors are employed and remunerated by the parent company.

6. INTEREST PAYABLE

	Period 31 March 2006 £	Year 31 December 2004 £
Bank loans and overdrafts	835	3,554
Finance lease and hire purchase interest recharged from group undertakings	181,423	93,821
	<u>182,258</u>	<u>97,375</u>

SUMMERLEAZE RE-GENERATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006**

7. TAXATION

	Period 31 March 2006 £	Year 31 December 2004 £
Analysis of tax charge in the Period		
Current tax (see note below)		
UK corporation tax charge on profits of the Period	74,418	347,424
Group taxation relief	1,170,711	-
Total current tax	<u>1,245,129</u>	<u>347,424</u>
Deferred tax		
Origination and reversal of timing differences	(171,351)	(45,395)
Adjustment in respect of previous periods	-	80,477
Total deferred tax (see note 13)	<u>(171,351)</u>	<u>35,082</u>
Tax on profit on ordinary activities	<u><u>1,073,778</u></u>	<u><u>382,506</u></u>

Factors affecting tax charge for the Period

The tax assessed for the Period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period 31 March 2006 £	Year 31 December 2004 £
Profit on ordinary activities before tax	<u>4,017,360</u>	<u>934,081</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	1,205,208	280,224
Effects of:		
Expenses not deductible for tax purposes	1,212	1,869
Capital allowances for Period in excess of depreciation	50,887	45,866
Small companies relief	(16,076)	-
Other timing differences	-	2,041
Adjustments to tax charge in respect of prior periods	3,898	17,424
Current tax charge for the Period (see note above)	<u><u>1,245,129</u></u>	<u><u>347,424</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

SUMMERLEAZE RE-GENERATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006**

8. TANGIBLE FIXED ASSETS

	Freehold land £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost						
At 1 January 2005	36,045	405,761	28,274,381	448,697	127,394	29,292,278
Additions	-	-	1,374,609	166,012	1,491	1,542,112
Transfers intra group	-	-	(366,946)	-	-	(366,946)
Disposals	-	-	(164,661)	(72,886)	-	(237,547)
At 31 March 2006	36,045	405,761	29,117,383	541,823	128,885	30,229,897
Depreciation						
At 1 January 2005	36,045	162,108	13,086,086	271,589	101,570	13,657,398
Charge for the Period	-	29,584	2,236,946	108,561	20,189	2,395,280
Transfers intra group	-	-	(263,310)	-	-	(263,310)
On disposals	-	-	(44,273)	(54,774)	-	(99,047)
At 31 March 2006	36,045	191,692	15,015,449	325,376	121,759	15,690,321
Net book value						
At 31 March 2006	-	214,069	14,101,934	216,447	7,126	14,539,576
At 31 December 2004	-	243,653	15,188,295	177,108	25,824	15,634,880

The net book value of tangible fixed assets includes an amount of £3,272,971 (2004: £5,040,223) in respect of assets held under finance leases and hire purchase contracts transferred from Summerlease Limited in the previous period. The liability which is secured on these assets remains with Summerlease Limited. The related depreciation charge on these assets for the year was £363,650 (2004: £436,274) which was borne by Summerlease Limited in the previous period.

9. STOCKS

	31 March 2006 £	31 December 2004 £
Raw materials	362,791	285,510
Work in progress	52,326	104,176
Finished goods and goods for resale	52,767	258,056
	<u>467,884</u>	<u>647,742</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

SUMMERLEAZE RE-GENERATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006**

10. DEBTORS

	31 March 2006 £	31 December 2004 £
Trade debtors	1,000,649	903,430
Amounts owed by group undertakings	449,198	-
Other debtors	50,554	-
Prepayments and accrued income	3,491,755	2,206,196
	<u>4,992,156</u>	<u>3,109,626</u>

**11. CREDITORS:
Amounts falling due within one year**

	31 March 2006 £	31 December 2004 £
Trade creditors	1,114,731	915,811
Corporation tax	70,521	176,102
Social security and other taxes	431,782	286,746
Other creditors	3,680	-
Accruals and deferred income	1,571,482	1,096,479
	<u>3,192,196</u>	<u>2,475,138</u>

**12. CREDITORS:
Amounts falling due after more than one year**

	31 March 2006 £	31 December 2004 £
Amounts owed to group undertakings	<u>2,473,494</u>	<u>7,157,678</u>

13. DEFERRED TAXATION

	31 March 2006 £	31 December 2004 £
At 1 January 2005	2,019,490	631,649
(Released during)/charge for the Period	(171,351)	35,082
Other movement	389,000	1,352,759
	<u>2,237,139</u>	<u>2,019,490</u>
At 31 March 2006		

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006

13. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	31 March 2006 £	31 December 2004 £
Accelerated capital allowances	2,239,732	2,411,083
Short term timing differences	(391,593)	(391,593)
Intercompany transfer of held over gains	389,000	-
	<u>2,237,139</u>	<u>2,019,490</u>

14. PROVISIONS

	Other provisions £
At 1 January 2005	1,290,310
Movements	398,290
	<u>1,688,600</u>
At 31 March 2006	
Other provisions	

The 'Other provision' relates to the expected costs of capping and making safe the landfill site and for the after care costs of the site.

15. SHARE CAPITAL

	31 March 2006 £	31 December 2004 £
Authorised		
1,500,000 Ordinary Shares shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid		
11,750 Ordinary Shares shares of £1 each	<u>11,750</u>	<u>11,750</u>

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2006

16. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2005	1,303,150	6,170,379
Profit retained for the Period		2,943,582
	<hr/>	<hr/>
At 31 March 2006	1,303,150	9,113,961
	<hr/>	<hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2006 £	31 December 2004 £
Opening shareholders' funds	7,485,279	6,933,704
Profit for the Period	2,943,582	551,575
	<hr/>	<hr/>
Closing shareholders' funds	10,428,861	7,485,279
	<hr/>	<hr/>

18. PENSION COMMITMENTS

The company is one of the sponsors of the Summerlease Limited Pension Scheme, which is a group defined benefit arrangement under which the company's share of the underlying assets and liabilities is not separately identified. The most recent actuarial valuation of the Summerlease group defined benefit scheme was carried out by a qualified independent actuary as at 1 May 2004, details of which are provided in the Summerlease Limited group financial statements.

SUMMERLEAZE RE-GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2006

19. RELATED PARTY TRANSACTIONS

Controlling parties

At 31 March 2006 the company's ultimate parent company was Summerlease Limited, a company incorporated in England and Wales and which is the parent of the smallest and largest group of which the company is a member. The ultimate controlling party is P H Prior and his family.

Copies of the consolidated financial statements of Summerlease Limited are available from Companies House.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Summerlease Limited on the grounds that at least 90% of the voting rights in the company are controlled with that group and the company is included in consolidated financial statements.

Transactions with directors

At the year end Summerlease Limited, the parent company, was indebted to B G Prior, a director, for £5,802 (2004: £67,862). For transactions with P H Prior, a director, in the parent company, see the parent company accounts.

The above loan is unsecured and repayable on demand. Interest of £2,369 was credited to B G Prior at the Barclays base rate and paid within the holding company.