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FIBROGEN LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000



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FIBROGEN LIMITED

Number: 2547498
English Register

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Year ended 31 March 2000

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FIBROGEN LIMITED

GENERAL INFORMATION

DIRECTORS	R J Fraser S J Fraser J T Watson P G Apps	<i>(Chairman)</i> <i>(Deputy Chairman)</i> <i>(Managing & Finance Director)</i> <i>(Operations Director)</i>
SECRETARY	D Picton-Turbervill	
HEAD OFFICE/ REGISTERED OFFICE	Astley House 33 Notting Hill Gate London W11 3JQ	<i>Tel.</i> 020 7229 9252 <i>Fax.</i> 020 7221 8671
AUDITORS	Dixon Wilson PO Box 900 Rotherwick House 3 Thomas More Street London E1W 1YX	
SOLICITORS	CMS Cameron McKenna Mitre House 160 Aldersgate Street London EC1A 4DD	
BANKERS	Barclays Bank PLC 50 Pall Mall PO Box 15162 London SW1A 1QB	
IMMEDIATE HOLDING COMPANY	Fibrowatt Limited	<i>Web site: www.fibrowatt.com</i>
ULTIMATE HOLDING COMPANY	Fibro Holdings Limited	

FIBROGEN LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31 March 2000.

RESULTS AND DIVIDENDS

The loss for the year after tax and before appropriations was £572,206 (1999 – Profit £1,605,054). Appropriations of £1,262,082 (1999 – £1,006,610) were made to a reserve in respect of accrued dividends payable to preference shareholders. The directors do not recommend payment of a dividend (1999 – £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's primary business is to operate an electricity power station. The company owns and operates Glanford Power Station, a 13.5MW power station at Flixborough, North Lincolnshire.

On 30 September 1998 the company was awarded a contract by the Government's Intervention Board to provide a disposal route for meat and bone meal (MBM) arising from the Over Thirty Month Scheme. Planning permission to modify the power station to burn MBM was granted on 23 July 1999. The first combustion of MBM took place on 24 January 2000. The contract commenced on 15 May 2000 and will last for a minimum of 36 months, during which the plant is expected to burn around 270 tonnes of MBM a day.

The directors are confident that the company will enter a period of profitability.

DIRECTORS AND THEIR INTERESTS

The directors are as shown on page 2. In addition, E J Fraser and J C Holdsworth served as directors until their resignation on 7 February 2000. N C Holt, who served as alternate director for J C Holdsworth, served in this capacity until his resignation on 7 February 2000.

No director held any interest in the shares of the company or Fibrowatt Limited, the company's immediate holding company, during the year. The interests of the directors in the shares of Fibro Holdings Limited, the ultimate holding company, are shown in the accounts of that company.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £nil (1999 – £6,225).

FIBROGEN LIMITED

REPORT OF THE DIRECTORS (continued)

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

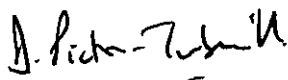
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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

Dixon Wilson have been re-appointed as auditors of the company by elective resolution in accordance with Section 386 of the Companies Act 1985.

By order of the Board



D PICTON-TURBERVILL
Secretary
13 November 2000
London

DIXON WILSON

CHARTERED ACCOUNTANTS

PO Box 900 Rotherwick House 3 Thomas More Street London E1W 1YX

AUDITORS' REPORT TO THE MEMBERS OF FIBROGEN LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 the company's affairs as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DIXON WILSON

Registered Auditors

20 November 2000

FIBROGEN LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 March 2000**

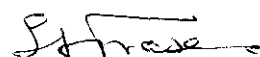
	Note	2000 £	1999 £
TURNOVER – Continuing Operations	1	2,097,832	8,587,799
Cost of sales		<u>(951,243)</u>	<u>(1,481,000)</u>
GROSS PROFIT		1,146,589	7,106,799
Administrative expenses		<u>(3,519,946)</u>	<u>(4,606,961)</u>
OPERATING (LOSS)/PROFIT – Continuing Operations	2	(2,373,357)	2,499,838
Interest receivable		11,503	24,720
Interest payable and similar charges			
– exceptional item	3	1,107,750	330,813
Interest payable	4	<u>(274,047)</u>	<u>(534,083)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,528,151)	2,321,288
TAXATION	6	<u>955,945</u>	<u>(716,234)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(572,206)	1,605,054
Appropriation – provision for dividends on non-equity shares	16	<u>(1,262,082)</u>	<u>(1,006,610)</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	15	<u>(1,834,288)</u>	<u>598,444</u>

The company had no recognised gains or losses other than the loss for the year (1999– none).

FIBROGEN LIMITED**BALANCE SHEET****At 31 March 2000**

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	7	12,817,195	8,567,086
CURRENT ASSETS			
Stock	8	233,258	406,220
Debtors	9	890,800	1,474,169
Cash at bank and in hand		350	806,547
		1,124,408	2,686,936
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(4,166,834)	(2,066,703)
NET CURRENT (LIABILITIES)/ASSETS		(3,042,426)	620,233
TOTAL ASSETS LESS CURRENT LIABILITIES		9,774,769	9,187,319
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(6,323,349)	(4,212,939)
PROVISION FOR LIABILITIES AND CHARGES	13	(90,000)	(1,040,754)
		3,361,420	3,933,626
CAPITAL AND RESERVES			
Called up share capital	14	1,500,120	1,500,120
Profit and loss account	15	(3,433,581)	(1,599,293)
Other reserve	16	5,294,881	4,032,799
TOTAL SHAREHOLDER'S FUNDS	17	3,361,420	3,933,626
Shareholder's funds are attributable to:			
Equity shareholder		(3,433,461)	(1,599,173)
Non-equity shareholder	18	6,794,881	5,532,799
		3,361,420	3,933,626

The financial statements on pages 6 to 15 were approved by the Board of Directors on 13 November 2000 and signed on its behalf by:



S J FRASER
Director



J T WATSON
Director

FIBROGEN LIMITED

ACCOUNTING POLICIES

Year ended 31 March 2000

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

Accounting convention

The financial statements have been prepared under the historical cost convention.

Depreciation

The cost of fixed assets is depreciated over the expected economic lives of the assets as follows:

Power station – buildings and plant	– see below
Other equipment	– 20% per annum straight line
Motor vehicles	– 25% per annum straight line

The cost of the power station is depreciated over its economic life of twenty years at rates estimated to reduce its residual value to nil at the end of that period.

The rates adopted reflected the estimated plant operating profit from electricity sales for the periods ended 31 December 1998, when the Non-Fossil Fuel Obligation came to an end ("the initial period"), and periods thereafter ("the secondary period"). For the initial period the rate of depreciation was 12.84% per annum straight line and for the secondary period it is 2.14% per annum straight line.

Modifications to the plant necessitated by the contract with the Intervention Board are depreciated on a straight line basis from the commencement of MBM combustion, which is expected to continue for 39 months, including a 3 month commissioning period.

Other modifications made to the plant are depreciated on a straight line basis over the remaining useful economic life of these modifications, commencing when the modifications are brought into use.

Stock

Consumable stock is valued at the lower of cost and net realisable value.

Foreign currencies

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

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Research and development

Research and development of a revenue nature is written off in the year in which it is incurred. Expenditure directly related to the construction of the power station is capitalised as part of the cost.

Capitalisation of interest and issue costs

Costs of financing the construction of the power station prior to its being brought into use are included in the cost of the power station.

FIBROGEN LIMITED

ACCOUNTING POLICIES (continued)

Year ended 31 March 2000

Deferred taxation

Provision is made for deferred taxation on timing differences arising from the different treatment of items for accounting and taxation purposes which are expected to reverse in the foreseeable future.

Capital instruments

Both equity and non-equity shares are included in shareholder's funds. Other capital instruments, as defined by Financial Reporting Standard No. 4 are classified as liabilities. Costs associated with the rephasing of loans are written off to the profit and loss account in the year in which they are incurred.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a finance charge which is amortised in order to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

The financial statements do not include a cash flow statement because the company, being a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No. 1, "Cash Flow Statements".

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2000****1. TURNOVER**

Turnover comprises the sale of electricity, the sale of ash for use as a fertiliser and gate fees received for the incineration of MBM, net of value added tax. All turnover arises within the United Kingdom.

2. OPERATING (LOSS)/PROFIT FOR THE YEAR	2000	1999
	£	£
This is stated after charging/(crediting) the following:		
Depreciation of fixed assets (note 7) – owned assets	826,848	2,327,686
– assets held under finance leases	–	10,430
	<u>826,848</u>	<u>2,338,116</u>
Obsolescent stock provision	60,110	–
Bad debt provision	250,803	–
Obsolete components of power station written off	406,274	–
Auditors' remuneration	12,500	12,000
Operating lease rentals – plant and machinery	40,042	36,574
– land and buildings	95,104	58,235

3. INTEREST PAYABLE AND SIMILAR CHARGES - EXCEPTIONAL ITEMS

The credit for the year represents a net credit in respect of the repayment of the loan from Aalborg Boilers A/S in February 2000. An agreement was reached in which the full amount due was settled by the payment of £600,000.

The credit for the prior year represents a net credit in respect of the write back of an accrual for the cost of rephasing the loan from a syndicate of banks represented by The Bank of Tokyo-Mitsubishi, Limited as agent. A fee of £405,813, payable in January 1999, had been accrued in an earlier year. However the loan was repaid in December 1998, with the result that the fee was no longer payable. Costs of £75,000 were incurred in respect of a replacement loan facility which were netted off against the accrual written back.

4. INTEREST PAYABLE

Interest on bank loans wholly repayable within five years	127,174	346,295
Interest on other loans wholly repayable within five years	144,268	181,546
Other interest payable	2,605	5,924
Finance lease interest	–	318
	<u>274,047</u>	<u>534,083</u>

5. STAFF COSTS

Employee costs:			
Wages and salaries	642,748	608,453	
Social security costs	68,208	61,202	
Other pension costs	36,248	29,923	
	<u>747,204</u>	<u>699,578</u>	
Directors' remuneration	1,000	1,000	
	<u>Number</u>	<u>Number</u>	
Average number of persons employed	24	24	

All employees were employed in the operation and maintenance of the power station.

Head office services and administration services were provided by Fibrowatt Limited throughout the year for a fixed monthly fee. The total sum charged by Fibrowatt Limited in respect of such services in the year ended 31 March 2000 was £256,751 (1999 – £159,311). This charge includes the services of R J Fraser, P G Apps and J T Watson as directors of the company.

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2000

5. STAFF COSTS (continued)

During the year payments of £43,750 (1999 – £51,500) were made by the company for services provided in the ordinary course of business by S J Fraser & Co., a partnership subsisting between S J Fraser and E J Fraser, which were reimbursed to the company by Fibrowatt Limited in full.

6. TAXATION	2000 £	1999 £
UK corporation tax	–	(5,191)
Overprovision in prior years	5,191	–
Deferred taxation (note 13)	<u>950,754</u>	<u>(711,043)</u>
	<u>955,945</u>	<u>(716,234)</u>

The company's operations are located in a formerly designated Enterprise Zone. Accordingly, the company is entitled to claim in the year of expenditure tax relief on 100 per cent of the expenditure incurred on industrial buildings before 14 April 1994, when the Enterprise Zone status ceased. This relief has the effect of deferring the company's liability to tax on trading.

7. TANGIBLE FIXED ASSETS		Freehold land £	Power station £	Other equipment £	Motor vehicles £	Total £
Cost	At 1 April 1999	250,300	24,005,373	279,505	10,000	24,545,178
	Additions	–	5,482,031	1,200	–	5,483,231
	Disposals	–	–	–	(10,000)	(10,000)
	Written off	–	(1,462,734)	–	–	(1,462,734)
	At 31 March 2000	<u>250,300</u>	<u>28,024,670</u>	<u>280,705</u>	<u>–</u>	<u>28,555,675</u>
Depreciation	At 1 April 1999	–	15,724,845	243,247	10,000	15,978,092
	Charge for the year	–	808,066	18,782	–	826,848
	Released on disposal	–	–	–	(10,000)	(10,000)
	Released re. write off	–	(1,056,460)	–	–	(1,056,460)
	At 31 March 2000	<u>–</u>	<u>15,476,451</u>	<u>262,029</u>	<u>–</u>	<u>15,738,480</u>
Net book value	At 31 March 2000	<u>250,300</u>	<u>12,548,219</u>	<u>18,676</u>	<u>–</u>	<u>12,817,195</u>
	At 31 March 1999	<u>250,300</u>	<u>8,280,528</u>	<u>36,258</u>	<u>–</u>	<u>8,567,086</u>

Included in the power station cost is interest amounting to £1,205,125, being the cost of financing the construction of the power station prior to its being brought into use. Also included in the cost of the power station is £6,830,444 (1999 – £1,348,413) relating to modifications to the plant in respect of the MBM project.

8. STOCK

Stock comprises fuel, spare parts and consumables.

9. DEBTORS	2000 £	1999 £
Trade debtors	519,239	1,240,870
Other debtors	53,245	53,427
Prepayments and accrued income	<u>318,316</u>	<u>179,872</u>
	<u>890,800</u>	<u>1,474,169</u>

Included in trade debtors are amounts due from group undertakings of £41,180 (1999 – £514,943).

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 March 2000****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000	1999
	£	£
Bank overdraft	185,482	—
Loans (note 12)	2,678,117	888,888
Trade creditors	743,903	412,833
Corporation tax	—	5,191
Other taxes and social security costs	23,433	367,796
Other creditors	4,382	—
Accruals	531,517	391,995
	<u>4,166,834</u>	<u>2,066,703</u>

Included in trade creditors are amounts due to group undertakings of £204,189 (1999 - £59,150).
The bank overdraft is secured on the power station site.

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

Loans (note 12)	Between one and five years	50,000	2,448,028
	After five years	500,000	500,000
Accruals and deferred income		<u>5,773,349</u>	<u>1,264,911</u>
		<u>6,323,349</u>	<u>4,212,939</u>

12. LOANS

Bank loan (i)	Repayable within one year	1,555,556	888,888
	Between one and two years	—	888,890
		<u>1,555,556</u>	<u>1,777,778</u>
Bank loan (ii)	Repayable within one year	<u>522,561</u>	—
Aalborg Boilers A/S (iii)	Repayable within one year	—	—
	Between two and five years	—	<u>1,509,138</u>
		—	<u>1,509,138</u>
Directors' loans (iv)	Between one and two years	50,000	50,000
	Between two and five years	—	—
Fibropower Limited (v)	Repayable wholly after five years	500,000	500,000
Fibrowatt Limited (vi)	Repayable within one year	600,000	—
		<u>3,228,117</u>	<u>3,836,916</u>

(i) Bank loan

Under a loan facility, dated 22 December 1998, between the company and Barclays Bank PLC, finance of £2m was made available. The agreement provided for full repayment by quarterly instalments by 30 November 2000. Following the year end, the loan was rescheduled to be repaid in monthly instalments by June 2001. The company applied for and was granted waivers in respect of the scheduled quarterly repayments during the year, although the loan remains repayable within the original timescale. Interest is calculated at LIBOR plus an applicable margin of 2.25% (1999 - 2.25%), plus an associated costs rate. The loan is secured on the power station site.

(ii) Bank Loan

During the year a further £1.2m facility was granted by Barclays Bank PLC. The loan was repayable on demand. Following the year end, the loan was rescheduled to be repaid in equal monthly instalments by June 2001. Interest was calculated at LIBOR plus an applicable margin of 2.5% plus an associated costs rate. The loan is secured on the power station site.

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 March 2000****12. LOANS (continued)****(iii) Aalborg Boilers A/S**

This loan was subordinated to the facility from Barclays Bank PLC, dated 22 December 1998. However further agreement was reached during the year whereby the loan and accrued interest were discharged by a one-off payment in February 2000.

(iv) Directors' loans

The directors to whom this money is due have undertaken not to seek repayment before 1 April 2001. The directors' loans are unsecured and interest free.

(v) Fibropower Limited

The loan is interest-free and subordinated to the bank loans, and will be wholly repayable after 31 December 2010, or earlier at the company's option.

(vi) Fibrowatt Limited

This loan is wholly repayable within one year, and carried interest at Barclay's base rate plus a margin of 2%.

13. PROVISION FOR LIABILITIES AND CHARGES	2000 £	1999 £
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Deferred taxation has been provided in full.

Capital allowances in advance of depreciation - movement in the year:

At 1 April 1999	1,040,754	329,711
Adjustment to provision	(950,754)	711,043
At 31 March 2000	<u>90,000</u>	<u>1,040,754</u>

14. SHARE CAPITAL

At 31 March 1999 and 31 March 2000	Number	£	Authorised Allotted & fully paid Number	£
"O" ordinary shares of 1p each	100,000	1,000	12,000	120
"A" shares of £1	112,500	112,500	112,500	112,500
"B" shares of £1	1,387,500	1,387,500	1,387,500	1,387,500
"C" shares of £1	5,000,000	5,000,000	—	—
	<u>6,600,000</u>	<u>6,501,000</u>	<u>1,512,000</u>	<u>1,500,120</u>

Rights of share capital**(a) Dividends & Redemption**

The "A" shares may be redeemed at any date prior to 31 December 2500, at the option of the shareholder, provided that sufficient surplus revenues are available to do so and that all of the "B" shares have been fully redeemed.

The "B" shares may be redeemed by the company at a date before 31 December 2500.

The distributable profits of the company must be applied in accordance with a set of formulae set out in the company's Articles of Association (subject to restrictions on distributions included in any agreement with the company's bankers), designed such that:

- (1) cash is first of all paid to the holders of the "B" shares by way of redemption and dividend so that such holders earn a return on their investment of 20% real;

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 March 2000****14. SHARE CAPITAL (continued)**

- (2) the "O" shareholders can then start receiving dividends subject to a scale of payments to the holders of the 'A' shares (in terms of specified percentages of annual distributable profits) designed to ensure that holders of the 'A' shares earn a return on their investment of 22% real; after which
- (3) the "O" shareholders are entitled to all future distributable profits after the payment each year of a dividend to the 'A' shareholders of 4% of annual distributable profits.

(b) Capital

On a winding up, the assets of the company available to shareholders must be applied as follows:

- (1) repaying amounts paid on "B" shares, "A" shares and "O" shares, in that order;
- (2) paying to holders of "B" shares amounts in accordance with the formula used to determine dividends on these shares;
- (3) distributing the balance between the holders of the "A" and "O" shares pro rata to the amount paid up on such shares.

(c) Voting rights

On a show of hands, every member holding an "A" share or an "O" share shall have one vote. On a poll every "O" share shall carry such number of votes that in aggregate the "O" shares hold 74.9%, and every "A" share shall carry such number of votes that in aggregate the "A" shares hold 25.1% of the votes. The "B" shares have no voting rights.

15. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
At 1 April 1999	(1,599,293)	(2,197,737)
Transfer from profit and loss account for the year	<u>(1,834,288)</u>	<u>598,444</u>
At 31 March 2000	<u>(3,433,581)</u>	<u>(1,599,293)</u>

16. OTHER RESERVE

Provision for dividends on non-equity shares payable from distributable profits:

At 1 April 1999	4,032,799	3,026,189
Provision for the year	<u>1,262,082</u>	<u>1,006,610</u>
At 31 March 2000	<u>5,294,881</u>	<u>4,032,799</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

(Loss)/profit for the year	(572,206)	1,605,054
Shareholder's funds at 1 April 1999	<u>3,933,626</u>	<u>2,328,572</u>
Shareholder's funds at 31 March 2000	<u>3,361,420</u>	<u>3,933,626</u>

18. NON-EQUITY SHAREHOLDER'S FUNDS

"A" shares of £1	658,529	528,428
"B" shares of £1	<u>6,136,352</u>	<u>5,004,371</u>
	<u>6,794,881</u>	<u>5,532,799</u>

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 March 2000****19. OPERATING LEASE COMMITMENTS**

At 31 March 2000 the company was committed to the following payments during 2000/01 in respect of operating leases which expire:

	Land and buildings	Other	Total
	£	£	£
Within one year	-	36,036	36,036
Between 2 and 5 years	7,125	2,384	9,509
After 5 years	107,750	-	107,750
	<u>114,875</u>	<u>38,420</u>	<u>153,295</u>

20. PENSION COSTS

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 5. Outstanding contributions at 31 March 2000 amounted to £nil (1999 – £nil).

21. RELATED PARTY TRANSACTIONS

The company has carried out transactions with the following parties, who are considered to be related parties of the company as defined by Financial Reporting Standard No. 8:

Related Party	Reason
S J Fraser & Co.	S J Fraser and E J Fraser are partners in S J Fraser & Co.
S J Fraser	Director
R J Fraser	Director
Fibrothetford Limited	Fellow Subsidiary

The company made sales to Fibrothetford Limited of £nil (1999 – £59,120). The highest amount outstanding during the year was £621 (1999 – £10,091), and the year end balance was £nil (1999 – £621).

The company also incurred recharged expenses from Fibrothetford of £3,698 (1999 – £nil). This amount was outstanding at the year end. Haulage fees of £181,134 (1999 – £nil) were recharged from Fibrothetford during the year, and were outstanding at the year end.

The company incurred fees from S J Fraser and Co. of £43,750 (1999 – £51,500), for services provided in the ordinary course of business. These costs were reimbursed in full by Fibrowatt Limited. The year end balance was £nil (1999 – £nil).

The loan from S J Fraser to the company of £30,000 remained in place throughout the year.

The loan from R J Fraser to the company of £20,000 remained in place throughout the year.

Charges are stated exclusive of VAT; balances are stated inclusive of VAT.

The company has taken advantage of the exemption from disclosing transactions with related parties which are included in the consolidated financial statements of Fibro Holdings Limited.

22. CAPITAL COMMITMENTS

At the year end the company had contracted for capital expenditure relating to the MBM project of £545,127 (1999 – £3,734,085).

23. PARENT COMPANIES

Fibro Holdings Limited is the ultimate holding company and is the holding company of the largest group of undertakings for which group accounts are drawn up.

Fibrowatt Limited is the immediate holding company and is the holding company of the smallest group of undertakings for which group accounts are drawn up.

Copies of the group accounts for the above may be obtained from Companies House.