

2902170

**FIBRE POWER (SLOUGH) LIMITED****Directors**P.N. Jackson  
J. Pebworth  
A.R. Ellis**Secretary**

J. Probert

**Registered Office and Head Office**

234 Bath Road, Slough, SL1 4EE

**Registered Number**

2902170

**REPORT OF THE DIRECTORS**

The directors submit their annual report and financial statements for the year ended 31st December 2003 which were approved by the board on 15<sup>th</sup> March 2004.

**Business of the Company**

The company is a holder of a 15 year electricity supply contract, which was awarded on 11th February 1997. The construction of the power station continued during the year with £29m spent to date. There have been commissioning delays and the company has pressed the contractor to fulfil its contractual obligations. However the NFFO4 contract was activated by the company on 19<sup>th</sup> December 2002 to enable the benefit of the contract price to be taken during the commissioning and testing phases.

**Results and Dividends**

The results for the year ended 31<sup>st</sup> December 2003 are set out in the attached financial statements. The directors do not recommend payment to shareholders of a dividend (2002:£NIL).

**Taxation**

Slough Estates plc is expected to assume the responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, so long as the company remains a member of the Group.

**Directors**

The present directors of the company, all of whom served throughout the year unless otherwise stated, are as shown above.

**Directors' Interests**

None of the directors who were in office at 31st December 2003 had an interest in the shares of the company during the year.

The interests of P.N. Jackson, J. Pebworth and A.R. Ellis in the shares of Slough Estates plc are disclosed in the financial statement of Slough Heat & Power Ltd.



**FIBRE POWER (SLOUGH) LIMITED**

**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

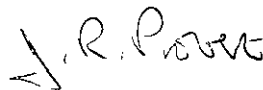
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

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.

**Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J.R. Probert', is written over the printed name.

J.R. Probert  
**Secretary**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FIBRE POWER (SLOUGH) LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

**Basis of audit 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 at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

*15 March 2004*

**FIBRE POWER (SLOUGH) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
Turnover	2	3,298	--
Cost of sales		(1,611)	(169)
		<hr/>	<hr/>
GROSS PROFIT/(LOSS)		1,687	(169)
Administrative Expenses		(1,978)	(661)
Other income		239	573
		<hr/>	<hr/>
OPERATING (LOSS)/RESULT		(52)	(257)
		<hr/>	<hr/>
Interest payable to a parent undertaking		647	2,092
Less interest capitalised	6	--	(2,092)
		<hr/>	<hr/>
Net Interest		647	--
(LOSS)/RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		(699)	(257)
		<hr/>	<hr/>
Taxation	7	--	--
		<hr/>	<hr/>
(LOSS)/RESULT FOR THE FINANCIAL YEAR	11	<u>(699)</u>	<u>(257)</u>

All company operations for the year are continuing.

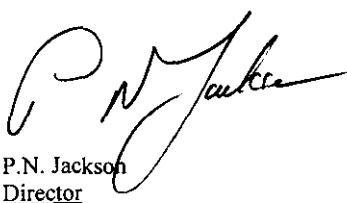
There are no recognised gains or losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been prepared.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

**FIBRE POWER (SLOUGH) LIMITED**  
**BALANCE SHEET AS AT 31ST DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> <u>£000's</u>	<u>2002</u> <u>£000's</u>
FIXED ASSETS			
Tangible assets	8	27,437	27,153
CURRENT ASSETS			
Debtors – Amounts falling due within one year	9	1,611	663
TOTAL ASSETS		<u>29,048</u>	<u>27,816</u>
CAPITAL AND RESERVES			
Called up share capital	10	--	--
Profit and loss account	11	(956)	(257)
Equity shareholders' deficit	12	(956)	(257)
CREDITORS			
Amounts falling due within one year	13	840	621
Amounts falling due after more than one year	13	29,164	27,452
		<u>29,048</u>	<u>27,816</u>

The financial statements were approved by the Board of Directors on 15<sup>th</sup> March 2004 and were signed on its behalf by:-

  
P.N. Jackson  
Director

The notes on pages 6 to 9 form part of these financial statements.

**FIBRE POWER (SLOUGH) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. Principal Accounting Policies**

a) **Basis of Preparation of Financial Statements**

These financial statements have been prepared on the basis of historical costs and in accordance with applicable Accounting Standards.

b) **Transactions with Group Companies**

The company has taken advantage of the exemption allowed by FRS8 from disclosing transactions with other group companies.

c) **Deferred Taxation**

No provision for deferred United Kingdom taxation has been made, nor is any contingent liability disclosed, as any such liability is expected to be discharged by the ultimate holding company, Slough Estates plc.

d) **Cash Flow Statement**

The company is a wholly owned subsidiary of Slough Estates plc and the cash flows of the company are included in the consolidated group cash flow statement of Slough Estates plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1(Revised) from publishing a cash flow statement.

e) **Finance Costs**

Interest costs incurred in funding major construction programmes are capitalised during the period of construction.

f) **Tangible Fixed Assets**

After an initial commissioning period, where depreciation is related to utilisation of plant, depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant and equipment	5

**2. Turnover**

Turnover comprises amounts charged under a 15 year electricity supply contract, excluding VAT and sales of utilities to group undertakings. All turnover arises in the United Kingdom.

**3. Employees**

There are no employees directly employed by the company (2002:NIL).

**4. Audit Fees**

The audit fees are borne by Slough Heat & Power Ltd.

**5. Directors' Emoluments**

The remuneration of P N Jackson, J Pebworth and A R Ellis are disclosed in the financial statements of Slough Heat & Power Limited, the immediate parent company. It is not practicable to allocate the remuneration of directors to subsidiary undertakings.

**6. Interest Capitalised**

In 2002 interest costs relating to the financing of the power station works under construction were capitalised at 8.25% (the group's weighted average cost of borrowings). No such capitalisation of interest has taken place in 2003.

**FIBRE POWER (SLOUGH) LIMITED****7. Taxation**

Any United Kingdom corporation tax liability which may arise and is not eliminated by the offset of group relief and/or advance corporation tax, for neither of which payment will be made, is expected to be discharged by the ultimate holding company, Slough Estates plc. No payment is made to the company in the event of losses being surrendered for group relief. As a result of this policy, the theoretical tax charge of 30% will always be reduced to £NIL as the liability is expected to be assumed by Slough Estates plc.

**8. Tangible Assets****Plant and  
Equipment  
£000's****Cost**

Balance at 1 <sup>st</sup> January 2003	27,153
Additions	643

Balance at 31 <sup>st</sup> December 2003	27,796
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**Depreciation**

Balance at 1 <sup>st</sup> January 2003 and 31 <sup>st</sup> December 2003	--
Charge for the year	598

Balance as at 31 <sup>st</sup> December 2003	598
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Net book value 31 <sup>st</sup> December 2003	27,198
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Net book value 31 <sup>st</sup> December 2002	27,153
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Tangible fixed assets additions represent work performed on a Power Station currently under construction. Tangible fixed assets include aggregate finance costs of £3,928,000 (2002:£3,928,000). Interest capitalised during the year amounted to £NIL (2002:£2,092,000).

**9. Debtors - Due Within One Year****2003  
£000's****2002  
£000's**

Trade Debtors	571	--
Prepayments and accrued income	228	90
Other debtors	812	573
	<u>1,611</u>	<u>663</u>

**10. Called up Share Capital****Authorised  
Number      £****Issued & Fully Paid  
Number      £**

Ordinary shares of £1 each at 31 <sup>st</sup> December 2002	100	100	100	100
And at 31 <sup>st</sup> December 2003	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**FIBRE POWER (SLOUGH) LIMITED**

11. <b><u>Profit and Loss Account</u></b>	<b><u>2003</u></b> <b><u>£000's</u></b>	
Balance at 1 <sup>st</sup> January 2003	(257)	
Loss for the financial year	(699)	
	<hr/>	
Balance at 31 <sup>st</sup> December 2003	(956)	<hr/>
12. <b><u>Reconciliation of Movement in Shareholders deficit</u></b>	<b><u>2003</u></b> <b><u>£000's</u></b>	
Loss attributable to ordinary shareholders	(699)	
Shareholders' deficit at 1 <sup>st</sup> January	(257)	
	<hr/>	
Shareholders' deficit at 31 <sup>st</sup> December	(956)	<hr/>
13. <b><u>Creditors</u></b>	<b><u>2003</u></b> <b><u>£000's</u></b>	
<u>Amounts falling due within one year</u>	<b><u>2002</u></b> <b><u>£000's</u></b>	
Trade creditors	573	573
Amounts owed to parent undertaking	--	41
Accrual and deferred income	267	7
	<hr/>	<hr/>
	840	621
	<hr/>	<hr/>
<u>Amounts falling due after more than one year</u>		
Amounts due to parent undertaking	29,164	27,452
	<hr/>	<hr/>
Intercompany loans have no fixed repayment terms and are interest bearing at the Group weighted average cost of funds.		
14. <b><u>Capital Commitments</u></b>	<b><u>2003</u></b> <b><u>£000's</u></b>	
Capital expenditure	--	127
	<hr/>	<hr/>
15. <b><u>Contingent Liabilities</u></b>		

At 31<sup>st</sup> December 2003 Fibre Power (Slough) Limited was in commercial discussions with Amec Birwelco Limited regarding the contract to build the renewable energy power station. Amec Birwelco have lodged an £8.1m claim for time delay and additional work they allege to have done in respect of the project. The directors of Fibre power (Slough) Limited, having taken both legal and technical specialist's advice, do not accept this claim on the basis that the work referred to in the claim was covered by the original contract. It has also been rejected by the Independent Consulting Engineer who supervised the project. Furthermore Fibre Power (Slough) Limited have lodged a counter claim for £5.3m in respect of liquidated damages and extra work incurred because of the late delivery of the contract and poor fitness for purpose of the installation.



**FIBRE POWER (SLOUGH) LIMITED**

16. **Going Concern**

The ultimate holding company has indicated its willingness to continue to support the company for the foreseeable future.

17. **Ultimate Holding Company and Controlling Party**

The immediate holding of Fibre Power (Slough) Limited is Power From Waste Limited. The company's ultimate holding company and controlling party is Slough Estates plc. Copies of the consolidated accounts of Slough Estates plc can be obtained from 234 Bath Road, Slough, SL1 4EE.