

**POWER FROM WASTE LIMITED****Directors**

P.N. Jackson  
D.E.F. Simons  
D.R. Wilson  
J. Pebworth  
C Benstead (Appointed 25.9.2000)  
A.R. Ellis

**Secretary**

J.R. Probert

**Registered Office and Head Office**

234 Bath Road, Slough, SL1 4EE

**Registered Number**

2902302

**REPORT OF THE DIRECTORS**

The directors submit their annual report and financial statements for the year ended 31<sup>st</sup> December 2000 which were approved by the board on 16<sup>th</sup> March 2001.

**Business of the Company**

The principal activities of the company are as an investment company for waste to energy projects and fuel manufacturing ventures.

**Results and Dividends**

The results for the year ended 31st December 2000 are set out in the attached financial statements. The loss for the year on ordinary activities is £125,000 (1999: loss of £406,000). The directors do not recommend payment to shareholders of a dividend (1999:NIL).

**Taxation**

Slough Estates plc has assumed 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 stated otherwise, are as shown above.

**Directors' Interests**

None of the directors who were in office at 31st December 2000 had an interest in the shares of the company during the year.

The interests of D.E.F. Simons and D.R. Wilson in the shares of the ultimate holding company, Slough Estates plc, are disclosed in the financial statements of that company. The interests of P.N. Jackson, J. Pebworth and C. Benstead in the shares of Slough Estates plc are disclosed in the financial statements of Slough Heat & Power Ltd.

The interests of A.R. Ellis in the shares of Slough Estates plc are set out below:

	<u>Ordinary Shares</u>			
	<u>Own Holdings</u>		<u>Under Option</u>	
	<u>31.12.00</u>	<u>1.1.00</u>	<u>31.12.00</u>	<u>1.1.00</u>
A.R.Ellis	2,456	2,319	20,239	23,921

The shares under option are at option prices ranging from 271.5p to 403.66p expiring on various dates up to 3rd April 2007.

**POWER FROM WASTE LIMITED**

Slough Estates plc has operated an approved SAYE share option scheme since 1981. Savings contracts can be for a three, five or seven year period. The following are details of the options held by A.R. Ellis:

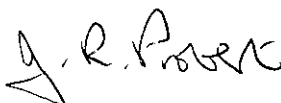
<u>Own Interests</u>				
	<u>Date of Grant</u>	<u>Maturity Date</u>	<u>Option Price (p)</u>	<u>Number of Shares</u>
A.R.Ellis	22.4.96	7.5.2001	160.99	1,714
	2.10.96	1.10.2001	188.64	365
	1.5.97	1.5.2002	230.4	299
	22.9.97	1.10.2002	257.6	267
	22.4.98	1.5.2003	328.0	210
	21.9.98	1.10.2003	246.0	560
	21.4.99	1.5.2004	265.6	254
	27.9.99	1.10.2004	291.2	463
	19.4.00	1.5.2005	249.6	540
	22.9.00	1.10.2005	313.6	430

During the year the share price ranged between a high of 411p and a low of 248p. The share price at 31<sup>st</sup> December 2000 was 411p.

**Auditors**

An elective resolution to dispense with the annual requirement to reappoint the auditors was approved at a previous annual general meeting.

By Order of the Board



J.R. PROBERT  
**Secretary**

**POWER FROM WASTE LIMITED****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 for that year. In preparing the 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, subject to any material departures disclosed and explained in the financial statements;
- ◆ 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF****POWER FROM WASTE LIMITED**

We have audited the financial statements on pages 4 to 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PRICEWATERHOUSECOOPERS

Chartered Accountants and Registered Auditors

READING

28 March 2001

**POWER FROM WASTE LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2000**

	<b><u>Notes</u></b>	<b><u>2000</u></b> <b><u>£000's</u></b>	<b><u>1999</u></b> <b><u>£000's</u></b>
Operating expenses - administration		(20)	(10)
		<hr/>	<hr/>
OPERATING LOSS		(20)	(10)
Amounts written off fixed asset investments		--	(309)
		<hr/>	<hr/>
LOSS BEFORE INTEREST AND TAXATION		(20)	(319)
Interest payable to group undertaking	5	(105)	(87)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(125)	(406)
Taxation	6	--	--
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	10	<u>(125)</u>	<u>(406)</u>

All company operations for the year are continuing.

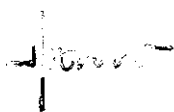
The turnover and loss on ordinary activities all arise in the United Kingdom.

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.

**POWER FROM WASTE LIMITED****BALANCE SHEET AS AT 31ST DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> <u>£000's</u>	<u>1999</u> <u>£000's</u>
FIXED ASSETS			
Investments	7	1,288	1,238
CURRENT ASSETS			
DEBTORS			
Amounts due after one year	8	15,387	295
TOTAL ASSETS		<u>16,675</u>	<u>1,533</u>
CAPITAL AND RESERVES			
Called up share capital	9	--	--
Capital reserve	10	--	(401)
Profit and loss account	10	(1,630)	(1,104)
Equity shareholders' deficit	11	(1,630)	(1,505)
CREDITORS			
Amounts falling due after more than one year	12	18,305	3,038
		<u>16,675</u>	<u>1,533</u>

The financial statements were approved by the Board of Directors on 16<sup>th</sup> March 2001 and were signed on its behalf by:-



J. Pebworth  
Director

The notes on pages 6 to 8 form part of these financial statements.

**POWER FROM WASTE 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) Investment in Subsidiaries and Associates**

Investments in subsidiaries and associates are stated at cost less any adjustment for impairment.

**c) Deferred Taxation**

No provision for deferred United Kingdom taxation has been made, nor is any contingent liability disclosed, as any such liability will be discharged by 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 from publishing a cash flow statement.

**e) Transactions with Group Companies**

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

**2. Employees**

There are no employees directly employed by the company.

**3. Audit Fees**

Audit fees are borne by Slough Heat & Power Limited.

**4. Directors' Remuneration**

The remuneration of D R Wilson and D E F Simons are disclosed in the financial statements of Slough Estates plc, the ultimate holding company. The remuneration of P N Jackson, J Pebworth and C Benstead are disclosed in the financial statements of Slough Heat & Power Limited, the immediate parent company. A.R. Ellis receives no emoluments in respect of his services as a director to the company. It is not practicable to allocate the remuneration of directors to subsidiary undertakings.

**5. Interest**

	<u>2000</u> <u>£000's</u>	<u>1999</u> <u>£000's</u>
Interest payable to parent undertaking	105	87

**POWER FROM WASTE LIMITED****6. 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, will 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.

**7. Fixed Asset Investments**

	<u>Cost</u> <u>£000's</u>	<u>Amounts</u> <u>written off</u> <u>£000's</u>	<u>NBV</u> <u>£000's</u>
At 1 <sup>st</sup> January 2000	2,350	(1,112)	1,238
Additions	50	--	50
At 31 <sup>st</sup> December 2000	<u>2,400</u>	<u>(1,112)</u>	<u>1,288</u>

On 11<sup>th</sup> January 2000 Power from Waste Limited purchased the remaining 50.1% ordinary share capital of Fibre Fuel Limited for consideration of £50,000 and as a result Fibre Fuel Limited is now a wholly owned subsidiary of Power from Waste Limited. Fibre Fuel Limited operates a waste recycling facility for the production and sale of fibre fuel pellets.

The company continues to own the entire issued ordinary share capital of £100 of Fibre Power (Slough) Ltd, a company incorporated in Great Britain. Fibre Power (Slough) Limited is a holder of a 15 year electricity supply contract and will commence trading in 2001.

The company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 from preparing consolidated accounts.

**8. Debtors**

	<u>2000</u> <u>£000's</u>	<u>1999</u> <u>£000's</u>
<u>Amounts due after one year</u>		
Amount due from group undertaking	<u>15,387</u>	<u>295</u>

**9. Called up Share Capital**

	<u>Authorised</u> <u>Number</u>	<u>£</u>	<u>Issued &amp; Fully Paid</u> <u>Number</u>	<u>£</u>
Ordinary shares of £1 each at 1 <sup>st</sup> January 2000 and at 31 <sup>st</sup> December 2000	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>

**10. Reserves**

	<u>Profit &amp; Loss</u> <u>Account</u> <u>£000's</u>	<u>Capital</u> <u>Reserve</u> <u>£000's</u>
Balance at 1 <sup>st</sup> January 2000	(1,104)	(401)
Loss for the year	(125)	--
Transfer from capital reserve	(401)	401
Balance at 31 <sup>st</sup> December 2000	<u>(1,630)</u>	<u>--</u>

The directors consider the impairment to the investment in Fibre Fuel Ltd as permanent.

**POWER FROM WASTE LIMITED**

11. <b><u>Reconciliation of Movement in Shareholders' Funds</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>
	<b><u>£000's</u></b>	<b><u>£000's</u></b>
Shareholders' deficit at 1 <sup>st</sup> January 2000	(1,505)	(1,099)
Loss attributable to ordinary shareholders	(125)	(406)
	<hr/>	<hr/>
Shareholders' deficit at 31 <sup>st</sup> December 2000	<u>(1,630)</u>	<u>(1,505)</u>

12. <b><u>Creditors due after more than one year</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>
	<b><u>£000's</u></b>	<b><u>£000's</u></b>
Amounts due to parent undertaking	<u>18,305</u>	<u>3,038</u>

Intercompany loans have no fixed repayment terms and are interest bearing at the Group weighted average costs of funds.

13. **Going Concern**

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

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

The company's ultimate holding company and controlling party is Slough Estates plc and its immediate parent company is Slough Heat & Power Limited. Copies of the consolidated accounts of Slough Estates plc can be obtained from 234 Bath Road, Slough, SL1 4EE.