

BIOGENERATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2004



Company Number: 2970302

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BIOGENERATION LIMITED

DIRECTORS AND ADVISORS

Directors

J Scagell
S Foster
R B Tate
B J Griffiths

Auditors

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Secretary and registered office

W A F Clark
c/o Biffa Waste Services Limited
Coronation Road
Cressex
High Wycombe
Bucks HP12 3TZ

Bankers

HSBC Bank plc
12 Victoria Street
Nottingham
NG1 2FF

BIOGENERATION LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and the audited financial statements of the company for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the company is the development, construction and subsequent operation of electricity generation projects.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the year the company's four generating stations at four landfill gas sites owned by Biffa Waste Services Limited, a subsidiary of Severn Trent Plc, were operated successfully. The sites are:

Himley Wood, Dudley, West Midlands.
Howden Clough, Morley, Leeds.
Redhill, Surrey.
Welford, Portley Ford, Welford, Northampton.

The Non Fossil Purchasing Agency (NFPA) auctions the power on a competitive tender basis to licensed supply businesses for onward sale to customers.

The NFPA contracts were awarded to the company under the third round of the Government's Non Fossil Fuel Obligation through which a premium sale price is available.

The company will continue to operate its four generating stations until such time as reduced landfill gas volumes make this uneconomical to do.

FINANCIAL RESULTS AND DIVIDENDS

	2004	2003
	£000	£000
Profit before taxation	814.8	868.0
Taxation	(245.0)	(257.3)
	<hr/>	<hr/>
Profit after taxation, transferred to reserves	569.8	610.7
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A first interim dividend of £250.00 (2003: £300.00) per ordinary share amounting to £250,000 (2003: £300,000) was paid during the year. A second interim dividend of £500.00 (2003: nil) per ordinary share amounting to £500,000 (2003: nil) was also paid during the year. The directors do not propose the payment of a final dividend (2003: £nil).

BIOGENERATION LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS AND THEIR INTERESTS

The present directors of the company are as shown on page 1. None of the directors in office at 31 March 2004 had any registered interests in the share capital of the company.

During the year, Mr A Raymant resigned on 28 October 2003 and Mr J Scagell was appointed on 28 October 2003. Mr R Austerberry resigned on 1 March 2004

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 period. 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 March 2004 and that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements.

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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

Approved by the board of directors
and signed on its behalf by:-



W A F Clark
Secretary

2 November 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIOGENERATION 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 as a body 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 into 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BIOGENERATION LIMITED (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its profit 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
Reading
2 November 2004

BIOGENERATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £000	2003 £000
Turnover	1	2,266.0	2,175.1
Cost of sales		(400.1)	(376.3)
Gross profit		1,865.9	1,798.8
Administrative expenses		(1,071.8)	(917.9)
Operating profit		794.1	880.9
Interest receivable and similar income		20.7	5.8
Interest payable and similar charges	2	-	(18.7)
Profit on ordinary activities before taxation	3	814.8	868.0
Tax on profit on ordinary activities	5	(245.0)	(257.3)
Profit after taxation		569.8	610.7
Dividend	6	(750.0)	(300.0)
(Loss) / profit for the financial year	12	(180.2)	310.7

The (loss) / profit for the financial year is derived wholly from continuing operations.

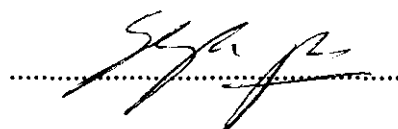
The company has no recognised gains and losses other than the (loss) / profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

BIOGENERATION LIMITED**BALANCE SHEET****AS AT 31 MARCH 2004**

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	7	1,877.6	2,431.3
CURRENT ASSETS			
Debtors	8	430.3	399.1
Cash at bank and in hand		525.0	277.3
		955.3	676.4
CREDITORS			
Amounts falling due within one year	9	(491.2)	(476.8)
NET CURRENT ASSETS		464.1	199.6
TOTAL ASSETS LESS CURRENT LIABILITIES		2,341.7	2,630.9
PROVISIONS FOR LIABILITIES AND CHARGES	10	(412.0)	(521.0)
NET ASSETS		1,929.7	2,109.9
CAPITAL AND RESERVES			
Called up share capital	11	1.0	1.0
Profit and Loss account	12	1,928.7	2,108.9
EQUITY SHAREHOLDERS' FUNDS	13	1,929.7	2,109.9

The financial statements on pages 6 to 14 were approved by the board of directors on 2 November 2004 and were signed on its behalf by:

..... S Foster
Chairman

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985, applicable accounting standards in the UK, and consistently applied accounting policies.

Turnover

Turnover represents income receivable from the generation of electricity, excluding Value Added Tax, in the ordinary course of business and is recognised when goods are provided.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The charge for depreciation is calculated to write off assets over the period of the associated NFPA agreements which run for fifteen years. Assets in the course of construction are not depreciated.

Deferred taxation

Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events that result in an obligation to pay more tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is considered more likely than not that they will be recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Cashflow statement

The company has adopted the provisions of FRS1, 'cashflow statements' and has taken advantage of the exemptions for small companies therein. Accordingly a cash flow statement has not been presented in these financial statements.

BIOGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £000	2003 £000
Interest payable on loans	-	18.7
	<hr/>	<hr/>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £000	2003 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	286.6	295.4
Auditors remuneration for audit services	1.7	1.8
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4 DIRECTORS AND EMPLOYEES

The company has no employees.

The chairman and directors received no remuneration or fees in respect of their services to the company for the year ended 31 March 2004 (2003: £nil).

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2004 £000	2003 £000
Current tax:		
Corporation tax at 30%		
Current year	354.0	286.8
	<hr/>	<hr/>
Total current tax	354.0	286.8
Deferred tax:		
Origination and reversal of timing differences		
Current year	(109.0)	(29.5)
	<hr/>	<hr/>
Total deferred tax	(109.0)	(29.5)
	<hr/>	<hr/>
Total tax charge	245.0	257.3
	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £000	2003 £000
Profit on ordinary activities before tax	814.8	867.9
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003:30%)	244.4	260.4
Effects of:		
Expenses not deductible for tax purposes	0.6	(3.1)
Depreciation in excess of capital allowances	109.0	29.5
	<hr/>	<hr/>
Total current tax	354.0	286.8
	<hr/> <hr/>	<hr/> <hr/>

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

6 DIVIDENDS

	2004 £000	2003 £000
Equity-Ordinary		
First interim paid: £250.00 (2003: £300.00) per £1 share	250	300
Second interim paid £500.00 (2003: nil) per £1 share	500	-
	<hr/>	<hr/>

7 TANGIBLE FIXED ASSETS

Plant and machinery	£000
Cost:	
At 1 April 2003	4,357.0
Disposals	(521.6)
	<hr/>
At 31 March 2004	3,835.4
	<hr/>
Accumulated depreciation:	
At 1 April 2003	1,925.7
Provision for the year	286.6
Disposals	(254.5)
	<hr/>
At 31 March 2004	1,957.8
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Net book amount	
At 31 March 2004	1,877.6
	<hr/>
At 31 March 2003	2,431.3
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BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

8 DEBTORS

	2004 £000	2003 £000
Amounts falling due within one year:		
Trade debtors	191.8	196.7
Prepayments and accrued income	185.6	202.4
Amounts owed by group or related undertakings	52.9	-
	<hr/> 430.3	<hr/> 399.1
	<hr/> <hr/>	<hr/> <hr/>

9 CREDITORS

	2004 £000	2003 £000
Amounts falling due within one year:		
Bank loans and overdrafts	74.7	-
Amounts due to group or related undertakings	35.8	74.3
Other taxation	89.8	68.2
Corporation taxation	186.6	139.7
Accruals and deferred income	104.3	194.6
	<hr/> 491.2	<hr/> 476.8
	<hr/> <hr/>	<hr/> <hr/>

10 PROVISIONS FOR LIABILITIES AND CHARGES

	£000
Deferred taxation	
At 1 April 2003	521.0
Profit and loss account	(109.0)
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At 31 March 2004	412.0
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Deferred tax has been calculated at the corporation tax rate of 30%, and has been provided in full due to accelerated capital allowances.

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

11 CALLED UP SHARE CAPITAL

	2004 £000	2003 £000
Authorised allotted, called up and fully paid		
500 "A" Ordinary shares of £1 each	0.5	0.5
500 "B" Ordinary shares of £1 each	0.5	0.5
	<hr/> 1.0	<hr/> 1.0
	<hr/> <hr/>	<hr/> <hr/>

Both classes of shares have equal voting rights, entitlement to dividends and claim to any surplus on a winding up of the company.

12 PROFIT AND LOSS ACCOUNT

	£000
At 1 April 2003	2,108.9
Loss for the year	(180.2)
	<hr/>
At 31 March 2004	1,928.7
	<hr/> <hr/>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £000	2003 £000
(Loss) / profit for the financial year	(180.2)	310.7
Opening shareholder's funds	2,109.9	1,799.2
	<hr/>	<hr/>
Closing shareholder's funds	1,929.7	2,109.9
	<hr/> <hr/>	<hr/> <hr/>

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

14 RELATED PARTY TRANSACTIONS

During the year the company had transactions with companies related to its two shareholders. The nature of the transactions and the relevant amounts incurred during the year are summarised below.

- (a) The company has agreements with Biffa Waste Services Limited, a subsidiary of Severn Trent Plc, to purchase gas used in the generation of electricity. Purchases for the year to 31 March 2004 totalled £400,100 (2003: £376,300). At 31 March 2004 an amount of £32,540 was due to Biffa Waste Services Ltd.
- (b) The company has no paid employees and pays a management fee to Biffa Waste Services Ltd, a subsidiary of Severn Trent Plc in respect of administration and management services. The charge for the year to 31 March 2004 was £39,300 (2003: £38,400). At 31 March 2004, an amount of £3,273 was due to Biffa Waste Services Ltd.
- (c) The company sold a piece of plant and machinery with a net book value of £267,026 to Biffa Waste Services Ltd, a subsidiary of Severn Trent Plc for £45,000. At 31 March 2004, an amount of £52,875 (2003:£nil) was due from Biffa Waste Services Limited. No provision was held against this debt at the year end. No amounts (2003:nil) were written off in the period in respect of debts due from Biffa Waste Services Limited.

15 PARENT UNDERTAKINGS

The company is jointly owned by E.ON UK Plc, a wholly owned subsidiary of E.ON AG, and Biffa Waste Services Limited, a wholly owned subsidiary of Severn Trent Plc.

Copies of the financial statements of each respective parent company can be obtained from the following addresses:

The Company Secretary
E.ON UK Plc
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

The Company Secretary
Severn Trent Plc
2297 Coventry Road
Birmingham
B26 3PU