

BIOGENERATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007

Company Number: 2970302



BIOGENERATION LIMITED

DIRECTORS AND ADVISORS

Directors

D S Shaw
P Bridgewater
R B Tate
B J Griffiths

Auditors

Deloitte & Touche LLP
Four Brindleyplace
Birmingham
B1 2HZ

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 2007

The directors present their report and the audited financial statements of the company for the year ended 31 March 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

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 Biffa 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

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Profit before taxation	846 5	859 4
Taxation	(244 4)	(245 1)
Profit for the financial year	602 1	614 3

A first interim dividend of £400 00 (2006 £500 00) per ordinary share amounting to £400,000 (2006 £500,000) was paid during the year A second interim dividend of £nil (2006 £400 00) per ordinary share amounting to £nil (2006 £400,000) was paid during the year The directors do not propose the payment of a final dividend (2006 £nil)

BIOGENERATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

POST BALANCE SHEET EVENT

On 26 June 2007, the House of Commons passed a Finance Bill reducing the standard rate of Corporation Tax from 30% to 28%. As a result, future profits of the company will be taxed at that rate.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are as shown on page 1

Mr B Tear resigned on 31 July 2006, and Mr P Bridgewater was appointed on 31 July 2006. Mr J Scagell resigned on 17 January 2007 and Mr D Shaw was appointed on 17 January 2007. None of the directors in office at 31 March 2007 had any registered interests in the share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required to prepare the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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. 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;
- state whether applicable UK 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 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.

BIOGENERATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

USE OF FINANCIAL INSTRUMENTS

The company's activities expose it to a number of financial risks including credit risk and liquidity risk

Credit risk

The company's principal financial assets are trade receivables. The directors assess the balances for recoverability based on an assessment of the individual counterparties and consider that the carrying value of the assets represents their recoverable amount.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses primarily funding from accumulated cash reserves.

AUDITORS

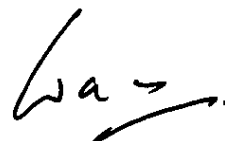
Each of the persons who is a director at the date of approval of this report confirm that

- so far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

A resolution to reappoint Deloitte & Touche 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

18 December 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BIOGENERATION LIMITED

We have audited the financial statements of Biogeneration Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BIOGENERATION LIMITED (CONTINUED)

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 2007 and of its profit for the year 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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

United Kingdom

19 December 2007

BIOGENERATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Turnover	1	1,911 2	2,039 5
Cost of sales		(321 6)	(347 5)
Gross profit		1,589 6	1,692 0
Administrative expenses		(779 8)	(862 2)
Operating profit		809 8	829 8
Interest receivable and similar income		36 7	29 6
Profit before taxation	2	846 5	859 4
Taxation	4	(244 4)	(245.1)
Profit for the financial year		602 1	614 3

The profit for the financial year is derived wholly from continuing operations

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

BIOGENERATION LIMITED**BALANCE SHEET****AS AT 31 MARCH 2007**

	Notes	As at 31 March 2007 £000	As at 31 March 2006 £000
FIXED ASSETS			
Tangible assets	6	1,110 1	1,368 3
CURRENT ASSETS			
Debtors	7	328.9	351 0
Cash at bank and in hand	8	737 9	378 4
		1,066 8	729 4
CREDITORS			
Amounts falling due within one year	9	(411 3)	(476 2)
NET CURRENT ASSETS		655 5	253 2
TOTAL ASSETS LESS CURRENT LIABILITIES		1,765.6	1,621 5
PROVISIONS FOR LIABILITIES AND CHARGES	10	(261 5)	(319 5)
NET ASSETS		1,504 1	1,302 0
CAPITAL AND RESERVES			
Called up share capital	11	1 0	1 0
Profit and loss account	12	1,503 1	1,301 0
EQUITY SHAREHOLDERS' FUNDS	13	1,504.1	1,302 0

The financial statements on pages 7 to 16 were approved by the board of directors on
18 December 2007 and were signed on its behalf by:



R B Tate
Chairman

BIOGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

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 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

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.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 substantively 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 2007

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	258 2	257 7
Auditors' remuneration for statutory audit services	2 5	2 2
	<hr/>	<hr/>

There were no non-audit fees payable (2006 £nil)

3 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 2007 (2006 £nil)

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Current tax		
Corporation tax at 30%		
Current year	312 0	309 4
Prior year	(9 6)	(16 8)
	<hr/>	<hr/>
Total current tax	302 4	292 6
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences		
Current year	(58 0)	(51 6)
Prior year	-	4 1
	<hr/>	<hr/>
Total deferred tax	(58 0)	(47 5)
	<hr/>	<hr/>
Total tax charge	244 4	245 1
	<hr/>	<hr/>

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Profit on ordinary activities before tax	846 5	859 4
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	254 0	257 8
Effects of		
Depreciation in excess of capital allowances	58 0	51 6
Adjustments to tax charge in respect of prior periods	(9 6)	(16 8)
Total current tax	302 4	292 6

5 DIVIDENDS

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Equity-Ordinary		
First interim paid £400 00 (2006 £500.00) per £1 share	400	500
Second interim paid £nil (2006 £400 00) per £1 share	-	400
	400	900

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

6 TANGIBLE FIXED ASSETS

Plant and machinery	£000
Cost	
At 1 April 2006 and at 31 March 2007	3,842 8
Accumulated depreciation	
At 1 April 2006	2,474 5
Charge for the year	258 2
At 31 March 2007	2,732 7
Net book amount	
At 31 March 2007	1,110 1
At 31 March 2006	1,368 3

7 DEBTORS

	As at 31 March 2007 £000	As at 31 March 2006 £000
Amounts falling due within one year		
Trade debtors	168 2	175 3
Prepayments and accrued income	160 7	175 7
	328 9	351 0

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

8 CASH AT BANK AND IN HAND

	As at 31 March 2007 £000	As at 31 March 2006 £000
Current account	437 9	28 4
Short term deposits	300 0	350 0
	<u>737 9</u>	<u>378 4</u>

The short term deposits represent 14 day money market deposits.

9 CREDITORS

	As at 31 March 2007 £000	As at 31 March 2006 £000
Amounts falling due within one year		
Trade creditors	33 6	-
Amounts due to related parties	103 1	98 9
Other taxation	41 0	47 4
Corporation tax	187 5	161 3
Accruals and deferred income	46 1	168 6
	<u>411 3</u>	<u>476 2</u>

Amounts owed to related parties are payable in line with the terms and conditions of the invoice supplied

BIOGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

10 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>£000</u>
Deferred taxation	
At 1 April 2006	319 5
Profit and loss account	(58 0)
	<u>261 5</u>
At 31 March 2007	<u>261 5</u>

Deferred tax has been calculated at the corporation tax rate of 30%, and has been provided in full due to accelerated capital allowances

11 CALLED UP SHARE CAPITAL

	As at 31 March 2007 £000	As at 31 March 2006 £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
	<u>1 0</u>	<u>1 0</u>

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

	<u>£000</u>
At 1 April 2006	1,301.0
Profit for the year	602 1
Dividends paid	(400 0)
	<u>1,503 1</u>
At 31 March 2007	<u>1,503 1</u>

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year to 31 March 2007 £000	Year to 31 March 2006 £000
Profit for the year	602 1	614 3
Dividends paid	(400 0)	(900 0)
Net addition to/(reduction in) shareholders' funds	202 1	(285 7)
Shareholders' funds at beginning of year	1,302 0	1,587 7
Shareholders' funds at end of year	1,504 1	1,302 0

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 Biffa Plc, to purchase gas used in the generation of electricity. Purchases for the year to 31 March 2007 totalled £321,600 (2006 £347,500). At 31 March 2007 an amount of £56,800 was due to Biffa Waste Services Limited
- (b) The company has no paid employees and pays a management fee to Biffa Waste Services Limited, a subsidiary of Biffa Plc in respect of administration and management services. The charge for the year to 31 March 2007 was £42,200 (2006 £41,600). At 31 March 2007, an amount of £4,100 was due to Biffa Waste Services Limited
- (c) The company incurred IPPC recharges from Biffa Waste Services during the year. The net release in the year was £22,200 (2006 £33,600 charge). At 31 March 2007, an amount of £42,200 was due to Biffa Waste Services Limited

BIOGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

15 POST BALANCE SHEET EVENT

On 26 June 2007, the House of Commons passed a Finance Bill reducing the standard rate of Corporation Tax from 30% to 28%. As a result, future profits of the company will be taxed at that rate.

16 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 Biffa 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
Biffa Plc
Coronation Road
Cressex
High Wycombe
Bucks
HP12 3TZ