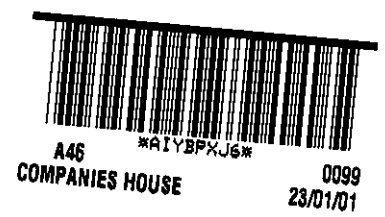


Mayton Wood Energy Limited

Directors' report and financial statements

31 March 2000

Registered Number 2984571



Directors' report and financial statements

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Directors' report

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

Principal activities

The principal activity of the company is the generation of electricity from landfill gas.

Business review

The company continued to generate electricity from its site in Norwich.

Results and dividend

The loss for the period was £315,237 (1999: profit of £15,033).

The directors do not recommend the payment of a dividend (1999: £nil).

Directors and directors' interests

The directors who held office during the period were as follows:

HHP Wyndham
DH FitzHerbert

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The interests of the directors who held office at the end of the financial year in shares of other group companies are disclosed in the directors' report of the ultimate holding company, Combined Landfill Projects Limited.

Auditors

A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



DH FitzHerbert
Director

20 - 22 Queen Street
Mayfair
London W1X 7PJ

6 December 2000

Statement of directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the results for that year.

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;
- 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 have the responsibility for ensuring the company keeps adequate accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985.

The directors have a general responsibility for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester M2 6DS
United Kingdom

Report of the auditors to the members of Mayton Wood Energy Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

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.

Fundamental Uncertainties

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty over the ability of the company to meet its debts as they fall due and the ability of the company to continue to trade. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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.

KPMG
KPMG
Chartered Accountants
Registered Auditors

18 January 2001

Profit and loss account

for the year ended 31 March 2000

	Note	2000 £	Restated 1999 £
Turnover	1	241,176	205,464
Cost of Sales		<u>(492,590)</u>	<u>(140,810)</u>
Gross (loss)/profit		(251,414)	64,654
Administrative expenses		(21,769)	(19,433)
Other operating income		<u>-</u>	<u>60,000</u>
Operating (loss)/profit		(273,183)	105,221
Interest payable and similar charges	5	<u>(57,546)</u>	<u>(81,511)</u>
(Loss)/profit on ordinary activities before taxation	2-5	(330,729)	23,710
Taxation on profit on ordinary activities	6	<u>15,492</u>	<u>(8,677)</u>
(Loss)/profit on ordinary activities after taxation		(315,237)	15,033
Loss brought forward		<u>(244,756)</u>	<u>(259,789)</u>
Loss carried forward		<u>(559,993)</u>	<u>(244,756)</u>

The company had no recognised gains or losses in the current or prior year other than those included in the loss shown above.

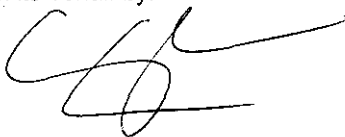
All revenues and expenditure relate to continuing operations.

Balance sheet

at 31 March 2000

	Note	£	2000	£	£	1999	£
Fixed assets							
Tangible assets	7			189,652			601,076
Current assets							
Debtors	8	44,221			135,168		
Creditors: amounts falling due within one year	9	<u>(129,233)</u>			<u>(180,955)</u>		
Net current liabilities				<u>(85,012)</u>			<u>(45,787)</u>
Total assets less current liabilities				104,640			555,289
Creditors: amounts falling due after more than one year	10			(602,151)			(774,553)
Provision for liabilities and charges	11			<u>-</u>			<u>(15,492)</u>
Net liabilities				<u>(497,511)</u>			<u>(234,756)</u>
Capital and reserves							
Called up share capital	12			62,482			10,000
Profit and loss account				<u>(559,993)</u>			<u>(244,756)</u>
Equity shareholders' funds	13			<u>(497,511)</u>			<u>(234,756)</u>

The financial statements were approved by the board of directors on 6 December 2000 and were signed on its behalf by:



HHP Wyndham
 Director



DH FitzHerbert
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is dependent on support from Combined Landfill Projects Limited, its ultimate parent undertaking, for continued operation as a going concern. The directors of Combined Landfill Projects Limited have confirmed their intention to support the company.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, which includes finance costs incurred during the production or purchase of assets.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery - 5 to 20 years

Prior year figures have been restated in the profit and loss account due to the allocation of depreciation in cost of sales rather than administration expenses.

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the sale of electricity to third party customers during the year.

Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cash flow statement is included in the ultimate parent company's financial statements which are publicly available.

Notes (continued)

1 Accounting policies (cont.)

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions with Combined Landfill Projects Limited group entities on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

2 (Loss)/profit on ordinary activities before taxation

	2000 £	1999 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	1,950	1,850
Depreciation and other amounts written off tangible fixed assets:		
Owned	26,923	24,880
Exceptional item - accelerated depreciation on plant and machinery (see note 7)	346,778	-

3 Remuneration of directors

Directors were remunerated by the holding company, Combined Landfill Projects Limited for services to the group. Directors' emoluments are disclosed in the consolidated financial statements of that company.

4 Staff numbers and costs

The company does not employ any staff.

5 Interest payable and similar charges

	2000 £	1999 £
On loan from previous ultimate parent company	1,512	970
On bank loan from immediate parent company	56,034	80,541
	<u>57,546</u>	<u>81,511</u>

Notes (continued)

6 Taxation

	2000 £	1999 £
Group relief receivable - prior year adjustment	-	(1,820)
Deferred tax charge/(credit)	<u>(15,492)</u>	<u>10,497</u>
	<u><u>(15,492)</u></u>	<u><u>8,677</u></u>

7 Tangible fixed assets

	Plant and machinery £
Cost	
At beginning of year	999,626
Additions	5,316
Disposals	<u>(342,633)</u>
At end of year	<u><u>662,309</u></u>
Depreciation and diminution in value	
At beginning of year	398,550
Disposals	(299,594)
Exceptional item - accelerated depreciation	346,778
Charge for the year	<u>26,923</u>
At end of year	<u><u>472,657</u></u>
Net book value	
31 March 2000	<u><u>189,652</u></u>
31 March 1999	<u><u>601,076</u></u>

The exceptional depreciation charge of £346,778 represents a permanent diminution in the value of certain Plant and Machinery assets. These assets were valued down by the directors to the higher of their estimated net realisable value and economic value in use on the occasion of their intended transfer to other Group companies or third parties.

Notes (continued)

8 Debtors

	2000 £	1999 £
Trade debtors	25,303	-
Amounts due from immediate parent company	-	115,176
Prepayments and accrued income	<u>18,918</u>	<u>19,992</u>
	<u><u>44,221</u></u>	<u><u>135,168</u></u>

All debtors are due within one year.

9 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loan from immediate parent company	57,800	119,002
Trade creditors	67	31
Amounts owed to immediate parent company	23,572	-
Amounts due to fellow group companies	8,009	9,135
Other taxation and social security	10,275	16,878
Accruals and deferred income	<u>29,510</u>	<u>35,909</u>
	<u><u>129,233</u></u>	<u><u>180,955</u></u>

10 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loan from immediate parent company	602,151	724,553
Loan from ultimate holding company	<u>-</u>	<u>50,000</u>
	<u><u>602,151</u></u>	<u><u>774,553</u></u>

Loans from parent companies can be analysed as falling due:

in one year or less, or on demand	57,800	119,002
between one and two years	74,801	125,803
between two and five years	289,006	421,607
in five years or more	<u>238,344</u>	<u>227,143</u>
	<u><u>659,951</u></u>	<u><u>893,555</u></u>

Notes (continued)

10 Creditors: amounts falling due after more than one year (cont.)

The bank loans are secured by means of a debenture providing fixed and floating charges over the assets of the company and of the company's holding company and fellow subsidiaries CLP Projects Limited, Blackburnough End Energy Limited, Mountsorrel Energy Limited, Rowley Energy Limited, and Costessey Energy Limited.

Interest is payable on the debt at LIBOR + 1.8125%.

11 Provisions for liabilities and charges

Deferred taxation	2000 £	1999 £
At beginning of year	15,492	4,995
Charge/(release) for the year	(15,492)	10,497
At end of year	-	15,492

Deferred tax is provided in respect of capital allowances in excess of depreciation.

There is no unprovided deferred taxation as at 31 March 2000 (1999: £nil).

12 Called up share capital

	2000 £	1999 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
60,000 preferred ordinary shares of £1 each	60,000	-
	<u>70,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000
52,482 preferred ordinary shares of £1 each	52,482	-
	<u>62,482</u>	<u>10,000</u>

The principal features of each class of share are as follows:

The 'preferred ordinary shares' are entitled to receive in priority to any other class of shares any dividend paid out of the profits of the company.

In a return of capital in respect of the amount paid up on each share, the preferred ordinary shares rank above the ordinary shares. Any premium shall be distributed to the holders of the preferred ordinary shares only.

The shares have equal voting rights.

Notes (continued)

13 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
(Loss)/profit for the financial year	(315,237)	15,033
Issue of preferred ordinary shares	<u>52,482</u>	-
	(262,755)	15,033
Opening shareholders' funds	<u>(234,756)</u>	<u>(249,789)</u>
Closing shareholders' funds	<u>(497,511)</u>	<u>(234,756)</u>

14 Commitments

There were no capital commitments at the end of the financial year (1999: £nil).

The company has guaranteed the bank loans of its immediate parent company, CLP Projects Limited, and its fellow subsidiaries amounting to £1,941,000 (1999: £3,958,227) by means of a debenture providing fixed and floating charges over the company's assets.

15 Related party transactions

There were no transactions with related parties other than group companies.

16 Ultimate parent and controlling company

The company's parent and controlling company is Combined Landfill Projects Limited which is incorporated in Great Britain and registered in England and Wales.

The only group in which the results of the company are consolidated for statutory purposes is that headed by Combined Landfill Projects Limited. The consolidated accounts of this group are available to the public and may be obtained from Combined Landfill Projects Limited, 20-22 Queen Street, Mayfair, London W1X 7PJ.