

Chelson Meadow Energy Limited
Directors' report and financial statements
for the year ended 31 December 2005

Registered Number 03363593



Chelson Meadow Energy Limited
Directors' report and financial statements
for the year ended 31 December 2005

Contents

Directors and advisors for the year ended 31 December 2005.....	1
Directors' report for the year ended 31 December 2005.....	2
Independent auditors' report to the members of Chelson Meadow Energy Limited.....	4
Profit and loss account for the year ended 31 December 2005.....	5
Balance sheet as at 31 December 2005.....	6
Statement of accounting policies.....	7
Notes to the financial statements for the year ended 31 December 2005.....	8

Chelson Meadow Energy Limited

Directors and advisors for the year ended 31 December 2005

Directors

R D Holmes
R E Swanson
D R Wilson
A T West
H H P Wyndham

Secretary

A Pentecost

Auditors

Cooper Parry LLP
14 Park Row
Nottingham
NG1 6GR

Solicitors

Eversheds
115 Colmore Row
Birmingham
West Midlands
B3 3AL

Registered Office

Units 14 & 15 Queensbrook
Bolton Technology Exchange
Spa Road
Bolton
BL1 4AY

Registered Number

03363593

Chelson Meadow Energy Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The company is engaged in the business of generating electricity from landfill gas.

Business review and future developments

The profit for the year after taxation and before dividends was £324,832 (2004 : £365,398).

The directors do not recommend the payment of a dividend (2004: nil).

Directors and their interests

The directors who held office during the year are given below:

R D Holmes
R E Swanson
D R Wilson
A T West
H H P Wyndham

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 intermediate holding company CLPE Holdings 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 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 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure 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.

Chelson Meadow Energy Limited

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Cooper Parry LLP as auditors of the company will be put to the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'D R Wilson', with a long horizontal flourish extending to the right.

D R Wilson

Director

Date

15 JUN 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

Chelson Meadow Energy Limited

We have audited the financial statements of Chelson Meadow Energy Limited on pages 5 to 12 for the year ended 31 December 2005. These financial statements have been prepared in accordance with 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

As described in the statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


COOPER PARRY LLP

Chartered Accountants

Registered Auditor

NOTTINGHAM

20 June 2006

Chelson Meadow Energy Limited

Profit and loss account for the year ended 31 December 2005

Continuing operations	Notes	2005 £	2004 £
Turnover		813,113	790,667
Cost of sales		(386,307)	(370,702)
Gross profit		426,806	419,965
Administrative expenses		(16,659)	(15,924)
Operating profit		410,147	404,041
Interest payable and similar charges	4	(75,420)	(75,532)
Profit on ordinary activities before taxation	1	334,727	328,509
Taxation	5	(9,895)	36,889
Profit on ordinary activities after taxation		324,832	365,398
Retained profit brought forward		367,711	2,313
Retained profit carried forward		692,543	367,711

The company had no recognised gains or losses in the current year other than those passing through the profit and loss account.

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

Chelson Meadow Energy Limited

Balance sheet as at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	6	1,051,234	1,179,728
Current assets			
Debtors	7	960,217	601,569
Creditors: amounts falling due within one year	8	(173,652)	(162,627)
Net current assets		786,565	438,942
Total assets less current liabilities		1,837,799	1,618,670
Creditors: amounts falling due after more than one year	9	(1,042,332)	(1,157,930)
Provision for liabilities and charges	10	(92,924)	(83,029)
Net assets		702,543	377,711
Capital and reserves			
Called up share capital	11	10,000	10,000
Retained profit		692,543	367,711
Shareholders' funds	12	702,543	377,711

The financial statements on pages 5 to 12 were approved by the board of directors on
and were signed on its behalf by:

15 JUN 2006



D R Wilson
Director

Chelson Meadow Energy Limited

Statement of 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Finance costs incurred during the development stage of a project are capitalised. Once the project is commissioned, finance costs are amortised over the estimated useful economic life of the asset constructed.

Tangible fixed assets are stated at cost. Depreciation is provided by the company to write off the cost by equal instalments over their estimated useful lives from commissioning as follows:

Plant and machinery	15 years
---------------------	----------

Taxation

Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or statement of total recognised gains and losses) as the pre-tax item.

In accordance with Financial Reporting Standard 19, full provision is made for deferred taxation on a non discounted basis in respect of all timing differences. Deferred tax is calculated at rates at which it is estimated that the tax will arise.

Deferred tax assets are recognised to the extent they are more likely than not to be recovered.

Turnover

Turnover is derived from and recognised when electricity generated is exported to third party customers. All turnover arises solely within the United Kingdom.

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 the consolidated financial statements of CLPE Holdings Limited are publicly available.

Related party transactions

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

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2005

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 £	2004 £
Auditors' remuneration	3,000	2,500
Depreciation of tangible fixed assets	128,494	128,494

2 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company (2004: £nil).

3 Staff numbers and costs

No staff were employed by the company during the year (2004: nil)

4 Interest payable and similar charges

	2005 £	2004 £
On loan from parent undertaking	75,420	75,532

5 Taxation

Analysis of charge/(credit) in year	2005 £	2004 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	3,550	(24,665)
Adjustments in respect of prior years charge/(credit)	6,345	(12,224)
Tax on profit on ordinary activities	9,895	(36,889)

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2005

5 Taxation (continued)

The tax for the period is lower (2004 - lower) than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	334,727	328,509
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	100,418	98,553
Effects of:		
Depreciation for the year in excess of capital allowances	-	24,665
Capital allowances in excess of depreciation	(3,550)	-
Group relief	(96,868)	(123,218)
	-	-

Factors that may affect future tax charges

The company does not anticipate any factors that will have a significant effect on future tax charges, other than group relief that may be available from other group companies.

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2005 and 31 December 2005	1,927,411
Depreciation	
At 1 January 2005	747,683
Charge for the year	128,494
At 31 December 2005	876,177
Net book value	
At 31 December 2005	1,051,234
At 31 December 2004	1,179,728

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2005

7 Debtors

	2005 £	2004 £
Trade debtors	84,258	74,751
Amounts due from parent undertaking	800,441	458,650
Prepayments and accrued income	75,518	68,168
	960,217	601,569

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	611	244
Other taxation and social security	35,315	32,364
Accruals and deferred income	22,127	25,978
Loan from parent undertaking	115,599	104,041
	173,652	162,627

9 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Loan from parent undertaking	1,042,332	1,157,930
Loans from parent undertakings can be analysed as falling due:		
In one year or less, or on demand	115,599	104,041
Between one and two years	124,344	115,600
Between two and five years	409,636	386,817
In five years or more	508,352	655,513
	1,157,931	1,261,971

Interest is payable on the debt at 5.88% (2003: 6.31%).

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2005

10 Provision for liabilities and charges

Deferred taxation

	2005 £	2004 £
Provision for deferred tax comprises:		
Accelerated capital allowances	92,924	83,029
Provision at start of year	83,029	119,918
Deferred tax (credit)/charge in profit and loss account for year	9,895	(36,889)
Provision at end of year	92,924	83,029

11 Called up share capital

	2005 £	2004 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

12 Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Profit for the financial year	324,832	365,398
Opening shareholders' funds	377,711	12,313
Closing shareholders' funds	702,543	377,711

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2005

13 Commitments and guarantees

There were no capital commitments at the end of the financial year (31 December 2004: £nil).

The company has guaranteed the bank loans of its intermediate parent company, CLPE Projects 2 Limited, and its fellow subsidiaries amounting to £10,933,834 (2004: £11,916,277) by means of a debenture providing fixed and floating charges over the company's assets.

14 Ultimate parent and controlling company

The company's ultimate parent company is "Ridgewood Electric Power Trust V" an entity which is registered in the United States. Christiana Bank and Trust Company, a company registered and incorporated in the United States is the Corporate Trustee of the Trust. Ridgewood Renewable Power LLC, a company registered and incorporated in the United States, is the managing shareholder of the Trust. The directors consider that Ridgewood Renewable Power LLC is the ultimate controlling party of the company at 31 December 2005.

The company's immediate parent undertaking is CLPE Projects 1 Limited, a company incorporated and registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by CLPE Projects 2 Limited. The largest group in which the results of the company are consolidated is Ridgewood Electric Power Trust V.

The consolidated financial statements of CLPE Projects 2 Limited are available from Units 14 & 15 Queensbrook, Bolton Technology Exchange, Spa Road, Bolton, BL1 4AY.

15 Related party transactions

There were no transactions with related parties, other than within the CLPE Holdings Limited group, during 2005 and 2004.