

Registered Number 03363593



0352
20/05/05

Chelson Meadow Energy Limited
Directors' report and financial statements
for the year ended 31 December 2004

Contents

Directors and advisors for the year ended 31 December 2004.....	1
Directors' report for the year ended 31 December 2004.....	2
Independent auditors' report to the members of Chelson Meadow Energy Limited.....	4
Profit and loss account for the year ended 31 December 2004.....	5
Balance sheet as at 31 December 2004.....	6
Statement of accounting policies.....	7
Notes to the financial statements for the year ended 31 December 2004.....	8

Chelson Meadow Energy Limited

Directors and advisors for the year ended 31 December 2004

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 2004

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

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 £365,398 (2003 : £212,225).

The directors do not recommend the payment of a dividend (2003: £68 per share).

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 2004 and that applicable accounting standards have been followed.

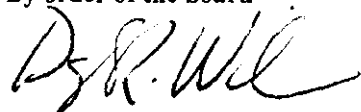
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chelson Meadow Energy Limited

Auditors

Following the resignation of PricewaterhouseCoopers LLP, Cooper Parry LLP were appointed as auditors to the company. In accordance with Section 385 of the Companies Act 1985, a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



D R Wilson

Director

Date

18 APR 2005

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHELSON MEADOW LIMITED**

We have audited the financial statements of Chelson Meadow Limited for the year ended 31 December 2004 on pages 5 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies on page 7.

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 may state to the company's members those matters we are required to state to them in an auditor's 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 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

NOTTINGHAM

18 April 2005


COOPER PARRY LLP

Chartered Accountants

Registered Auditors

Chelson Meadow Energy Limited

Profit and loss account for the year ended 31 December 2004

Continuing operations	Notes	2004 £	2003 £
Turnover		790,667	698,018
Cost of sales		(370,702)	(377,603)
Gross profit		419,965	320,415
Administrative expenses		(15,924)	(15,609)
Operating profit		404,041	304,806
Interest payable and similar charges	4	(75,532)	(66,950)
Profit on ordinary activities before taxation	1	328,509	237,856
Taxation	5	36,889	(25,631)
Profit on ordinary activities after taxation		365,398	212,225
Dividends	6	-	(680,000)
Retained profit/(loss) for the year	13	365,398	(467,775)
Retained profit brought forward	13	2,313	470,088
Retained profit carried forward	13	367,711	2,313

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 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	1,179,728	1,308,222
Current assets			
Debtors	8	601,569	308,599
Creditors: amounts falling due within one year	9	(162,627)	(222,563)
Net current assets		438,942	86,036
Total assets less current liabilities		1,618,670	1,394,258
Creditors: amounts falling due after more than one year	10	(1,157,930)	(1,262,027)
Provision for liabilities and charges	11	(83,029)	(119,918)
Net assets		377,711	12,313
Capital and reserves			
Called up share capital	12	10,000	10,000
Retained profit		367,711	2,313
Equity shareholders' funds	13	377,711	12,313

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



D R Wilson
Director

18 APR 2005

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 a consolidated cash flow statement is included in CLPE Holding Limited's financial statements, which 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 2004

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2004 £	2003 £
Auditors' remuneration	2,500	2,100
Depreciation of tangible fixed assets	128,494	128,125

2 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company (2003: £nil).

3 Staff numbers and costs

No staff were employed by the company during the year (2003: nil)

4 Interest payable and similar charges

	2004 £	2003 £
On loan from CLPE Projects 2 Limited	75,532	66,950

5 Taxation

Analysis of (credit)/charge in year	2004 £	2003 £
<i>Current tax</i>		
Group relief receivable	-	-
Adjustments in respect of prior years	-	-
	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(24,665)	(7,107)
Adjustments in respect of prior years (credit)/charge	(12,224)	32,738
	(36,889)	25,631
Tax on profit on ordinary activities	(36,889)	25,631

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2004

5 Taxation (continued)

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

	2004 £	2003 £
Profit on ordinary activities before tax	328,509	237,856
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	98,553	71,357
Effects of:		
Depreciation for the year in excess of capital allowances	24,665	7,107
Group relief received and not paid for	(123,218)	(78,464)

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 Dividends

	2004 £	2003 £
No dividends were paid during the year (2003: £68 per share)	-	680,000

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2004 and 31 December 2004	1,927,411
Depreciation	
At 1 January 2004	619,189
Charge for the year	128,494
At 31 December 2004	747,683
Net book value	
At 31 December 2004	1,179,728
At 31 December 2003	1,308,222

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2004

8 Debtors

	2004 £	2003 £
Trade debtors	74,751	72,608
Amounts due from CLPE Projects 2 Limited	458,650	164,173
Prepayments and accrued income	68,168	71,818
	601,569	308,599

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	244	16,744
Other taxation and social security	32,364	31,208
Accruals and deferred income	25,978	29,838
Loan from CLPE Projects 2 Limited	104,041	75,080
Amounts due to group undertakings	-	69,693
	162,627	222,563

10 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loan from CLPE Projects 2 Limited	1,157,930	1,262,027
Loans from parent companies can be analysed as falling due:		
In one year or less, or on demand	104,041	75,080
Between one and two years	115,600	93,865
Between two and five years	386,817	330,265
In five years or more	655,513	837,897
	1,261,971	1,337,107

Interest is payable on the debt at 6.31% (2003: 7.27%).

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2004

11 Provision for liabilities and charges

Deferred taxation

	2004 £	2003 £
Provision for deferred tax comprises:		
<u>Accelerated capital allowances</u>	<u>83,029</u>	<u>119,918</u>
Provision at start of year	119,918	94,287
Deferred tax (credit)/charge in profit and loss account for year	(36,889)	25,631
<u>Provision at end of year</u>	<u>83,029</u>	<u>119,918</u>

12 Called up share capital

	2004 £	2003 £
Authorised		
<u>10,000 ordinary shares of £1 each</u>	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
<u>10,000 ordinary shares of £1 each</u>	<u>10,000</u>	<u>10,000</u>

13 Reconciliation of movement in equity shareholders' funds

	2004 £	2003 £
Profit for the financial year	365,398	212,225
Dividend	-	(680,000)
	365,398	(467,775)
<u>Opening equity shareholders' funds</u>	<u>12,313</u>	<u>480,088</u>
<u>Closing equity shareholders' funds</u>	<u>377,711</u>	<u>12,313</u>

Chelson Meadow Energy Limited

Notes to the financial statements for the year ended 31 December 2004

14 Commitments and guarantees

There were no capital commitments at the end of the financial year (31 December 2003: £nil).

The company has guaranteed the bank loans of its intermediate parent company, CLPE Projects 2 Limited, and its fellow subsidiaries amounting to £11,916,277 (2003: £12,795,092) by means of a debenture providing fixed and floating charges over the company's assets.

15 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 2004.

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.

16 Related party transactions

There were no transactions with related parties, other than within the CLPE Holdings Limited group, during 2004 and 2003.