

# EPR Ely Limited

## Report and Accounts

31 March 1999

*Reg No: 3401618*



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COMPANIES HOUSE

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0002  
15/01/00

**DIRECTORS**

D J Williams  
M D Chilton  
A M Harrison  
J Bryant

**SECRETARY**

D J Williams

**AUDITORS**

Ernst & Young  
One Bridewell Street  
Bristol  
BS1 2AA

**REGISTERED OFFICE**

15 The Courtyard  
Woodlands Lane  
Bradley Stoke  
Bristol  
BS32 4NQ

# EPR Ely Limited

## REPORT OF THE DIRECTORS

The directors submit their report together with the accounts of the company for the year ended 31 March 1999.

### PRINCIPAL ACTIVITY

The company's principal activity is the construction of a straw fuelled power station near Ely in Cambridgeshire which commenced in September 1998.

### DIRECTORS

The directors of the company and their interests as defined in the Companies Act 1985, in the company's ordinary £1 shares were:

		<i>At 31 March 1999</i>	<i>At 31 March 1998</i>
J Bryant	(appointed 9 September 1998)	-	-
A M Harrison	(appointed 9 September 1998)	-	-
W M Law	(resigned 11 December 1998)	-	-
W J King	(resigned 11 December 1998)	-	-
D J Williams		-	-
M D Chilton		-	-
D S Muir	(appointed 1 May 1998, resigned 26 February 1999)	-	-

Messrs Law, King, Williams, Chilton and Muir have interests in the company's ultimate parent undertaking, Energy Power Resources Limited, which are disclosed in those accounts.

### RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

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REPORT OF THE DIRECTORS

**YEAR 2000 COMPLIANCE**

Many computer systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 date change. The operation of the Company's business depends on its own computer systems and, to some extent, those of its suppliers and customers. The directors have considered the potential risks arising from the year 2000 date change on the Company's own systems and the impact of failure in the systems of its main suppliers and customers.

Given the complexity of the problem, it is not possible for any organisation to guarantee that all year 2000 problems will be eliminated but the directors believe that the Company will have an acceptable state of readiness and should be able to deal with significant issues that might arise.

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

*M. Schilten*

Date *5 November 1999*

**REPORT OF THE AUDITORS**  
to the members of EPR Ely Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

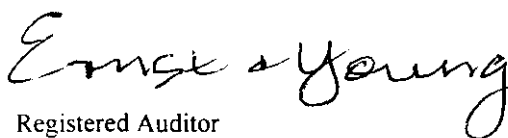
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Bristol

Date 11 Nov '99

## EPR Ely Limited

### PROFIT AND LOSS ACCOUNT AND STATEMENT OF RECOGNISED GAINS AND LOSSES for the year ended 31 March 1999

	1999 £	1998 £
Administrative expenses	7,195	-
<b>OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(7,195)</b>	<b>-</b>
Taxation	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	<b>(7,195)</b>	<b>-</b>

There were no recognised gains or losses other than the loss for the year (1998 - nil).

# EPR Ely Limited

## BALANCE SHEET at 31 March 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	3	25,368,622	-
Investments	4	700,926	-
		<u>26,069,548</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Debtors	5	786,051	2
Cash at bank and in hand		572,861	-
		<u>1,358,912</u>	<u>2</u>
<b>CREDITORS: amounts falling due within one year</b>	6	8,089,791	-
		<u>(6,730,879)</u>	<u>2</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>19,338,669</u>	<u>2</u>
<b>CREDITORS: amounts falling due after more than one year</b>	7	18,345,864	-
		<u>992,805</u>	<u>2</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000,000	2
Profit and loss account	10	(7,195)	-
		<u>992,805</u>	<u>2</u>
<b>Total equity shareholders' funds</b>		<u>992,805</u>	<u>2</u>

ERNST & YOUNG

*M. Chilton*

Director

*[Signature]*

Date *5 November 1999*

# EPR Ely Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 1999

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Development and construction expenditure*

Development expenditure is written off as incurred except that development expenditure incurred on an individual project is carried forward when its future recovery can reasonably be regarded as assured. Any expenditure carried forward will be amortised in line with the expected future sales from the related project. It is anticipated that straw power station development and construction expenditure, less estimated residual values, will be written off evenly over the expected useful life of 25 years.

Interest on external borrowings directly related to specific tangible assets is included in costs capitalised during the period of development.

#### *Capital instruments*

Shares are included in shareholders' funds. Other capital instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in the shareholders' funds. The finance cost of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

### 2. OPERATING LOSS

Operating loss is stated after charging:	1999	1998
	£	£
Auditor's remuneration	7,000	-
Directors' emoluments	-	-
Depreciation	-	-
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The company had no employees other than the directors, whose remuneration is disclosed in the accounts of Energy Power Resources Limited.



# EPR Ely Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 1999

### 3. TANGIBLE ASSETS

	<i>Freehold land</i>	<i>Development and construction</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 1998	-	-	-
Additions	44,398	23,357,450	23,401,848
Transferred from other group companies	1,330,797	635,977	1,966,774
Disposals	-	-	-
At 31 March 1999	1,375,195	23,993,427	25,368,622
Depreciation:			
At 1 April 1998 and 31 March 1999	-	-	-
Net book value			
At 31 March 1999	1,375,195	23,993,427	25,368,622
At 31 March 1998	-	-	-

Included within the cost of development construction at 31 March 1999 are capitalised finance costs of £476,860 (1998 - nil).

### 4. INVESTMENTS

	£
Cost:	
At 1 April 1998	-
Additions	700,926
At 31 March 1999	700,926

During the year the company acquired the entire share capital of Ely Power Limited at a cost of £524,926 paid in cash. It also acquired the entire share capital of Anglian Straw Limited for £126,000 in cash and £50,000 deferred consideration. The £50,000 will be payable on commissioning of the Straw Power Station at Ely.

# EPR Ely Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 1999

### 4. INVESTMENTS (continued)

The principal subsidiary companies at 31 March 1999, which are wholly owned, were as listed below.

<i>Name of company</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Class of shares</i>
Ely Power Limited	England and Wales	Dormant	£1 ord
Anglian Straw Limited	England and Wales	Non-trading	£1 ord

### 5. DEBTORS

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	49,000	2
Other debtors	737,051	-
	<u>786,051</u>	<u>2</u>

### 6. CREDITORS: amounts falling due within one year

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
Trade creditors	4,924,705	-
Amounts owed to group undertakings	3,000,002	-
Accruals	165,084	-
	<u>8,089,791</u>	<u>-</u>

### 7. CREDITORS: amounts falling due after more than one year

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
Bank loan (note 8)	16,533,445	-
Deferred consideration	350,000	-
Retentions on projects	1,462,419	-
	<u>18,345,864</u>	<u>-</u>

# EPR Ely Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 1999

### 8. BANK LOAN

	1999	1998
	£	£
Bank loan:		
Loan principal drawn down	18,000,000	-
Less: unamortised debt issue costs	1,466,555	-
	<u>16,533,445</u>	<u>-</u>
	1999	1998
	£	£
Loan principal repayable:		
In one year or less, or on demand	-	-
Between one and two years	-	-
Between two and five years	8,138,000	-
	<u>9,862,000</u>	<u>-</u>
In five years or more	18,000,000	-
	<u>18,000,000</u>	<u>-</u>

The company has entered into an agreement in respect of approximately £52million of project finance in the form of a long term bank loan. The loan, to be drawn down as construction work proceeds, bears interest at variable commercial rates and is repayable by instalments following completion of construction work. Repayments will commence on 31 August 2001, with the loan due to be repaid by 31 August 2012. The lending bank has been granted a first ranking debenture by the company as security.

### 9. SHARE CAPITAL

	No.	1999 £	No.	1998 £
Ordinary shares of £1 each:				
Authorised	1,000,000	1,000,000	100	100
	<u>1,000,000</u>	<u>1,000,000</u>	<u>100</u>	<u>100</u>
	No.	£	No.	£
Allotted, called up and fully paid	1,000,000	1,000,000	2	2
	<u>1,000,000</u>	<u>1,000,000</u>	<u>2</u>	<u>2</u>

During the year the authorised share capital was increased by £999,900 by the creation of 999,900 ordinary shares of £1 each.

During the year, 999,998 ordinary shares of £1 each with an aggregate nominal value of £999,998 were allotted for consideration of £999,998.

# EPR Ely Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 1999

### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit &amp; loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 April 1997 and 1998	2	-	2
Loss for the year	-	(7,195)	(7,195)
Proceeds from issue of shares	999,998	-	999,998
At 31 March 1999	1,000,000	(7,195)	992,805

### 11. CONTINGENT LIABILITY

The company may incur up to £75,000 in additional consideration for its purchase of Anglian Straw Limited. If at the end of the draw down period the company has not used the full credit facility available of £52m it must pay the previous owner of Anglian Straw Limited £75,000. If the difference between the available credit facility and the actual amount drawn down is less than £75,000, that amount will be payable. No provision has been made in these accounts as the outcome is not reasonably certain.

### 12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

### 13. HOLDING COMPANY AND GROUP ACCOUNTS

The ultimate parent undertaking of EPR Ely Limited is Energy Power Resources Limited. The smallest and largest group in which the company is consolidated is that headed by Energy Power Resources Limited. The company is exempt from preparing group accounts by virtue of section 228. Copies of its accounts may be obtained from that company's registered office at 15 The Courtyard, Woodlands Lane, Bradley Stoke, Bristol, BS32 4NQ.