


31-10-02

EPR ELY LIMITED

Report and Accounts

31 March 2001

 ERNST & YOUNG



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COMPANIES HOUSE 25/07/02

EPR Ely Limited

Registered No. 3401618

DIRECTORS

D J Williams (resigned 20 March 2002)
J Bryant (resigned 19 June 2001, re-appointed 31 December 2001)
M D Chilton
A M Harrison
D A McDonald
P J Taylor (appointed 19 June 2001, resigned 31 December 2001)
P Anthony (appointed 20 March 2002)

SECRETARY

D J Williams (resigned 20 March 2002)
C McInnes (appointed 20 March 2002)

AUDITORS

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

BANKERS

HSBC Bank plc
Poultry and Princes Street
London
EC2P 2BX

REGISTERED OFFICE

Renewables House
330 Bristol Business Park
Coldharbour Lane
Bristol
BS16 1EJ

DIRECTORS' REPORT

The directors present their report together with the accounts of the company for the year ended 31 March 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,419,583 (2000 – loss of £42,804). The directors do not recommend the payment of a dividend, with the loss for the year being carried to reserves.

PRINCIPAL ACTIVITY

The company's principal activity is the operation of a straw fuelled power station near Ely in Cambridgeshire. The construction of the power station commenced in September 1998, and was completed during 2000.

DIRECTORS

The directors during the year ended 31 March 2001 were as follows:

D J Williams (resigned 20 March 2002)
J Bryant (resigned 19 June 2001, re-appointed 31 December 2001)
M D Chilton
A M Harrison
D A McDonald
P J Taylor (appointed 19 June 2001, resigned 31 December 2001)
P Anthony (appointed 20 March 2002)

None of the directors had any beneficial interest in the shares of the company at any time during the period ended 31 March 2001.

Mr D J Williams, Mr M D Chilton, Mr D A McDonald have interests in the company's ultimate parent undertaking, Energy Power Resources Limited, which are disclosed in those financial statements.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

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. 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

A resolution to re-appoint Ernst & Young^{LLP} as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

W. Chilton

John H. L. L. L.

Date 17/7/02

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EPR ELY LIMITED**

We have audited the company's financial statements for the year ended 31 March 2001 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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.

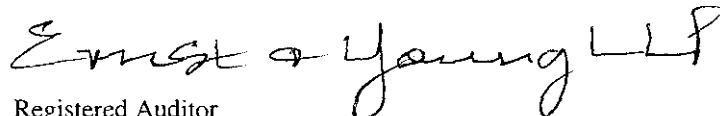
Basis of audit opinion

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 affairs of the company as at 31 March 2001 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 18 July 2002

EPR Ely Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2001

		2001 £	2000 £
TURNOVER	3	6,049,646	-
Cost of sales		(3,126,985)	-
GROSS PROFIT		2,922,661	-
Administrative and commissioning expenses		(3,144,799)	(42,804)
OPERATING LOSS ON ORDINARY ACTIVITIES	4	(222,138)	(42,804)
Interest payable		(1,208,627)	-
Interest receivable		11,182	-
LOSS BEFORE TAXATION		(1,419,583)	(42,804)
Taxation		-	-
RETAINED LOSS FOR THE YEAR	13	(1,419,583)	(42,804)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2001

There were no recognised gains or losses other than the loss for the year of £1,419,583 (2000 – loss of £42,804).

EPR Ely Limited

BALANCE SHEET at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	5	54,999,722	43,010,804
Investments	6	563,579	700,926
		<u>55,563,301</u>	<u>43,711,730</u>
CURRENT ASSETS			
Stock		-	740,850
Debtors	7	4,600,598	272,385
Cash at bank and in hand	8	103,398	1,304,179
		<u>4,703,996</u>	<u>2,317,414</u>
CREDITORS: amounts falling due within one year	9	9,905,693	10,856,133
NET CURRENT LIABILITIES		<u>(5,201,697)</u>	<u>(8,538,719)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,361,604</u>	<u>35,173,011</u>
CREDITORS: amounts falling due after more than one year	10	50,831,186	34,223,010
		<u>(469,582)</u>	<u>950,001</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account	13	(1,469,582)	(49,999)
TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(469,582)</u>	<u>950,001</u>

ERNST & YOUNG

Directors *MS Dunton*

Date *17/7/02*

Smith 6/11/1

NOTES TO THE ACCOUNTS
at 31 March 2001

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The financial statements have been prepared under the going concern concept because the parent company has agreed to provide adequate funds for the company to meet its liabilities as they fall due.

2. **ACCOUNTING POLICIES**

Accounting convention

These financial statements 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 power station development and construction expenditure, less estimated residual values, will be written off evenly over the expected useful life of 15 years.

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

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.

3. **TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the company's principal activity.

Turnover for the year has arisen wholly in the United Kingdom.

4. **OPERATING LOSS**

Operating loss is stated after charging:

	2001	2000
	£	£
Auditor's remuneration	6,000	7,000
Depreciation of owned assets	676,506	-
Amortisation	180,443	-
Exceptional item in respect of write-off of amounts owed by group undertakings	2,100,000	-
	<u>2,962,949</u>	<u>-</u>

The company had no employees other than the directors, whose remuneration is disclosed in the financial statements of Energy Power Resources Limited.

EPR Ely Limited

NOTES TO THE ACCOUNTS at 31 March 2001

5. TANGIBLE ASSETS

	Freehold land £	Development and construction £	Total £
Cost:			
At 1 April 2000	1,375,195	41,635,609	43,010,804
Additions	-	12,665,424	12,665,424
At 31 March 2001	1,375,195	54,301,033	55,676,228
Depreciation:			
At 1 April 2000	-	-	-
Charge for the year	-	676,506	676,506
At 31 March 2001	-	676,506	676,506
Net book value			
At 31 March 2001	1,375,195	53,624,527	54,999,722
At 31 March 2000	1,375,195	41,635,609	43,010,804

Additions for the year include capitalised interest costs of £2,433,803 (2000 - £2,181,016).

6. INVESTMENTS

	£
Cost:	
At 1 April 2000 and 31 March 2001	700,926
Provision for permanent diminution in value:	
At 1 April 2000	-
Provided during the year	137,347
At 31 March 2001	137,347
Net book value:	
At 31 March 2001	563,579
At 1 April 2000	700,926

The principal subsidiary companies at 31 March 2001, which are wholly owned, were as listed below.

Name of company	Country of registration	Nature of business	Class of shares
Ely Power Limited	England and Wales	Dormant	£1 ord
Anglian Straw Limited	England and Wales	Straw Suppliers	£1 ord

EPR Ely Limited

NOTES TO THE ACCOUNTS at 31 March 2001

7. DEBTORS

	2001 £	2000 £
Trade debtors	3,545,866	-
Amounts owed by group undertakings	863,867	199,000
Other debtors	190,865	73,385
	<u>4,600,598</u>	<u>272,385</u>

8. CASH AT BANK

Included within the cash at bank total of £103,398 is an amount of £90,000 held in a separate account. This amount was advanced by the shareholders in order to enable a part of the deferred consideration to be paid early and is due for repayment to the shareholders in 2013.

9. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	831,448	3,332,161
Amounts owed to group undertakings	7,927,588	7,000,002
Accruals	146,657	263,970
Deferred consideration	-	260,000
Bank loan	1,000,000	-
	<u>9,905,693</u>	<u>10,856,133</u>

10. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Bank loan (note 11)	50,741,186	34,133,010
Amounts owed to group undertakings	63,000	63,000
Unsecured loan	27,000	27,000
	<u>50,831,186</u>	<u>34,223,010</u>

11. BANK LOAN

	2001 £	2000 £
Bank loan:		
Loan principal drawn down	52,000,000	35,500,000
Less: unamortised debt issue costs	1,258,814	1,366,990
	<u>50,741,186</u>	<u>34,133,010</u>

EPR Ely Limited

NOTES TO THE ACCOUNTS at 31 March 2001

11. BANK LOAN (continued)

	2001 £	2000 £
Loan principal repayable:		
In one year or less, or on demand	1,846,000	-
Between one and two years	2,912,000	1,846,000
Between two and five years	11,778,000	10,192,000
	<u>16,536,000</u>	<u>12,038,000</u>
In five years or more	35,464,000	23,462,000
	<u>52,000,000</u>	<u>35,500,000</u>

The company has entered into an agreement in respect of £52,000,000 of project finance in the form of a long term bank loan. The loan was drawn down as construction work proceeded and 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 30 September 2012. The lending bank has been granted a first ranking debenture by the company as security.

On 1 February 2002, the company entered into a fixed rate swap arrangement with a commercial bank in respect of the entire outstanding amount of this loan at this date.

12. SHARE CAPITAL

	2001		2000	
	No.	£	No.	£
Authorised:				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued:				
Ordinary shares of £1 each				
Allotted, called up and fully paid	1,000,000	1,000,000	1,000,000	1,000,000

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £	Profit and loss account £	Total shareholders' funds £
At 1 April 1999	1,000,000	(7,195)	992,805
Loss for the year	-	(42,804)	(42,804)
At 1 April 2000	1,000,000	(49,999)	950,001
Loss for the year	-	(1,419,583)	(1,419,583)
At 31 March 2001	1,000,000	(1,469,582)	(469,582)

NOTES TO THE ACCOUNTS
at 31 March 2001

14. 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.

However, transactions with related parties where less than 90% of voting rights are controlled within the group, are disclosed below.

During the year, the company paid £70,000 to EPR Limited, another group company, for administrative services. No amounts were outstanding at the balance sheet date. In addition, the company owed interest of £3,408 to Energy Power Resources Limited, relating to a loan of £63,000 resulting in an outstanding balance of £66,408 at the balance sheet date.

The company also paid £495,994 to Cinergy Global Trading Limited, a group company of the minority shareholder, for gas fuel charged at the normal market price. In addition, the company owed interest of £1,460 to Cinergy Global Ely Inc, relating to a loan of £27,000. At the balance sheet date, the amount due to Cinergy Global Trading Limited and Cinergy Global Ely Inc was £88,258 and £28,460 respectively.

15. HOLDING COMPANY AND GROUP FINANCIAL STATEMENTS

The company is exempt from preparing group financial statements by virtue of section 228.

The ultimate parent undertaking of EPR Ely Limited is Energy Power Resources Limited, a company registered in England. The smallest and largest group in which the company is consolidated is that headed by Energy Power Resources Limited. Copies of the accounts of Energy Power Resources Limited may be obtained from that company's registered office at Renewables House, 330 Bristol Business Park, Coldharbour Lane, Bristol, BS16 1EJ.