

Costessey Energy Limited

Directors' report and financial statements

31 March 1999

Registered number 03448770



Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the 17 month period to 31 March 1999.

Principal activities

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

Incorporation

The company was incorporated on 13 October 1997.

Business review

Construction began at site during the period on the company's generating plant. The company did not commence trading in the period.

The loss for the period was £31,893.

The directors do not recommend the payment of a dividend for the period.

Directors and directors' interests

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

HHP Wyndham	(appointed 13.10.97)
DH FitzHerbert	(appointed 13.10.97)

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 the shares of other group companies are disclosed in the directors' report of the ultimate holding company, Combined Landfill Projects Limited.

Millennium Compliance

The directors are aware of the Year 2000 problem. A survey was carried out in early 1999 on all the office and operation site computers, both hardware and software, and this has confirmed that they are all Year 2000 compliant.

The directors will continue to consider and address the problem, both internally and with those parties with whom we do business, as and when necessary.

The total estimated cost of these plans has not been quantified, but is considered to be negligible at this stage.

Auditors

A resolution for the re-appointment of KPMG Audit Plc 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

2 June 1999

Statement of directors' responsibilities in respect of the financial statements

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 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;
- 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 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.

Report of the auditors to the members of Costessey Energy Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 March 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
*Chartered Accountants
Registered Auditor
London*

2 June 1999

Profit and loss account

for the 17 month period ended 31 March 1999

	<i>Note</i>	17 months to March 1999 £
Administrative expenses		(31,893)
Operating profit		(31,893)
Interest payable and similar charges	5	-
Loss on ordinary activities before taxation		(31,893)
Taxation	2	-
Loss on ordinary activities after taxation		(31,893)
Profit brought forward		-
Deficit carried forward		(31,893)

The company has no recognised gains and losses in the period other than those passing through the profit and loss account.

All revenues and expenditure relate to continuing activities.

Balance sheet

at 31 March 1999

	Note	£	1999 £
Fixed assets			
Tangible assets	6		204,446
Debtors	7	39,233	
Creditors: amounts falling due within one year	8	(37,249)	
Net current assets			1,984
Total assets less current liabilities			206,430
Creditors: amounts falling due after more than one year	9		(238,322)
Net liabilities			(31,892)
Capital and reserves			
Called up share capital	10		1
Profit and loss account			(31,893)
Equity shareholders' funds	11		(31,892)

These financial statements were approved by the board of directors on 2 June 1999 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 company, 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
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Taxation

The charge 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.

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.

Notes

2 Loss on ordinary activities before taxation

**17 months to
March 1999
£**

Loss on ordinary activities before taxation is stated after charging

Auditors' remuneration:
 Audit

1,850

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

**17 months to
March 1999
£**

On bank loan from immediate parent company
Interest capitalised

26,878
(26,878)

-

Notes (continued)

6 Tangible fixed assets

	Assets in the course of construction £
Cost	
At beginning of period	-
Additions	177,568
Interest capitalised	26,878
	<hr/>
At end of period	204,446
	<hr/>
Depreciation and diminution in value	
At beginning of period	-
Charge for period	-
	<hr/>
At end of period	-
	<hr/>
Net book value	
At 31 March 1999	204,446
	<hr/> <hr/>
At 13 October 1997	-
	<hr/> <hr/>

7 Debtors

	1999 £
Amounts due to parent company	22,610
Other debtors	16,623
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	39,233
	<hr/> <hr/>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	1999 £
Trade creditors	28,377
Amounts owed to fellow group companies	7,022
Accruals and deferred income	1,850
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	37,249
	<hr/> <hr/>

Notes (continued)

9 Creditors: amounts falling due after more than one year

	1999
	£
Amounts owed to ultimate parent company	238,322
	<u> </u>

10 Called up share capital

	1999
	£
<i>Authorised, allotted, called up and fully paid</i>	
1 ordinary share of £1	1
	<u> </u>

11 Reconciliation of movements in shareholders' funds

	1999
	£
Issue of ordinary shares in the period	1
Loss for the financial period	(31,893)
Opening shareholders' funds	-
	<u> </u>
Closing shareholders' funds	(31,892)
	<u> </u>

Notes *(continued)*

12 Commitments

There were no capital commitments at the end of the period.

13 Guarantees

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

14 Related party transactions

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

15 Ultimate parent and controlling company

The company's ultimate 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.