

Bellhouse Energy Limited

Directors' report and financial statements

31 March 1999

Registered number 03466081



Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the 16 month period to 31 March 1999.

Principal activities

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

Incorporation

The company was incorporated on 14 November 1997.

Business review

The company commenced generation of electricity on its site in February 1999.

The profit for the period was £16,849.

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

Directors and directors' interests

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

HHP Wyndham (appointed 14.11.97)
DH FitzHerbert (appointed 17.11.97)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

The interests of the directors who held office at the end of the financial period 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

In accordance with Section 385 of the Companies Act 1985, 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 period 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 Bellhouse Energy Limited

We have audited the financial statements on pages 4 to 11.

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 profit 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 16 month period ended 31 March 1999

| | <i>Note</i> | 16 months to March 1999 £ |
|--|-------------|--|
| Turnover | <i>1</i> | 140,192 |
| Cost of sales | | (52,107) |
| | | <hr/> |
| Gross profit | | 88,085 |
| Administrative expenses | | (26,131) |
| | | <hr/> |
| Operating profit | | 61,954 |
| Interest payable and similar charges | <i>5</i> | (38,637) |
| | | <hr/> |
| Profit on ordinary activities before taxation | <i>2</i> | 23,317 |
| Taxation | <i>6</i> | (6,468) |
| | | <hr/> |
| Profit on ordinary activities after taxation | | 16,849 |
| Profit brought forward | | - |
| | | <hr/> |
| Profit carried forward | | 16,849 |
| | | <hr/> <hr/> |

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

| | <i>Note</i> | £ | 1999 £ |
|--|-------------|-----------|-------------|
| Fixed assets | | | |
| Tangible assets | 7 | | 1,698,221 |
| Current assets | | | |
| Debtors | 8 | 209,149 | |
| Creditors: amounts falling due within one year | 9 | (117,766) | |
| Net current assets | | | 91,383 |
| Total assets less current liabilities | | | 1,789,604 |
| Creditors: amounts falling due after more than one year | 10 | | (1,739,941) |
| Provision for liabilities and charges | 11 | | (22,814) |
| Net assets | | | 26,849 |
| Capital and reserves | | | |
| Called up share capital | 12 | | 10,000 |
| Profit and loss account | | | 16,849 |
| Equity shareholders' funds | 13 | | 26,849 |

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, which includes finance costs incurred during the construction 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 from commissioning as follows:

| | | |
|---------------------|---|---------------|
| Plant and machinery | - | 5 to 20 years |
|---------------------|---|---------------|

Taxation

The charge for taxation is based on the profit or loss for the period 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 period.

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 (continued)

2 Profit on ordinary activities before taxation

| | 16 months to March 1999 |
|---|------------------------------------|
| | £ |
| <i>Profit on ordinary activities before taxation is stated after charging</i> | |
| Auditors' remuneration: | |
| Audit | 1,850 |
| | <hr/> |
| Depreciation and other amounts written off | |
| tangible fixed assets: | |
| Owned | 14,271 |
| | <hr/> |

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

No staff were employed by the company in the period.

5 Interest payable and similar charges

| | 16 months to March 1999 |
|--|------------------------------------|
| | £ |
| On loan from ultimate parent company | 21,343 |
| On bank loan from immediate parent company | 21,470 |
| Finance charge on loan from immediate parent company | 1,370 |
| | <hr/> |
| | 44,183 |
| Interest capitalised | (5,546) |
| | <hr/> |
| | 38,637 |
| | <hr/> |

Notes (continued)

6 Taxation

| | 16 months to March 1999 £ |
|--------------------------------|--|
| Group relief receivable at 31% | (16,346) |
| Deferred tax charge | 22,814 |
| | <hr/> 6,468 <hr/> |

7 Tangible fixed assets

| | Plant and machinery £ |
|------------------------|--------------------------------------|
| <i>Cost</i> | |
| At beginning of period | - |
| Additions | 1,706,946 |
| Interest capitalised | 5,546 |
| | <hr/> |
| At end of period | 1,712,492 <hr/> |
| <i>Depreciation</i> | |
| At beginning of period | - |
| Charge for period | 14,271 |
| | <hr/> |
| At end of period | 14,271 <hr/> |
| <i>Net book value</i> | |
| At 31 March 1999 | 1,698,221 <hr/> |
| At 14 November 1997 | <hr/> - <hr/> |

Notes (continued)

8 Debtors

| | 1999 |
|---|-------------|
| | £ |
| Amounts due from immediate parent company | 132,142 |
| Prepayments and accrued income | 60,661 |
| Group relief receivable | 16,346 |
| | <hr/> |
| | 209,149 |
| | <hr/> <hr/> |

All debtors are due within one year.

9 Creditors: amounts falling due within one year

| | 1999 |
|---|-------------|
| | £ |
| Bank loan from immediate parent company | 88,780 |
| Amounts due to fellow subsidiary undertakings | 12,966 |
| Other tax and social security | (5,575) |
| Accruals and deferred income | 21,595 |
| | <hr/> |
| | 117,766 |
| | <hr/> <hr/> |

10 Creditors: amounts falling due after more than one year

| | 1999 |
|---|-------------|
| | £ |
| Bank loan from immediate parent company | 1,363,017 |
| Loan from ultimate holding company | 376,924 |
| | <hr/> |
| | 1,739,941 |
| | <hr/> <hr/> |

Notes (continued)

11 Provisions for liabilities and charges

| | |
|--------------------------|-------------|
| Deferred taxation | 1999 |
| | £ |
| Charge for the period | 22,814 |
| | <hr/> <hr/> |

Deferred tax is provided in respect of capital allowances in excess of depreciation.

There is no unprovided deferred taxation as at 31 March 1999.

12 Called up share capital

| | |
|---|-------------|
| | 1999 |
| | £ |
| <i>Authorised, allotted, called up and fully paid</i> | |
| 10,000 ordinary shares of £1 each | 10,000 |
| | <hr/> <hr/> |

13 Reconciliation of movements in shareholders' funds

| | |
|------------------------------------|---------------|
| | 1999 |
| | £ |
| Issue of ordinary shares | 10,000 |
| Profit for the financial period | 16,849 |
| Opening shareholders' funds | - |
| | <hr/> |
| Closing shareholders' funds | 26,849 |
| | <hr/> <hr/> |

14 Commitments

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

The company has guaranteed the bank loans of its immediate parent company, CLP Projects 2 Ltd, and its fellow subsidiaries amounting to £5,395,435 by means of a debenture providing fixed and floating charges over the company's assets.

Notes *(continued)*

15 Related party transactions

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

16 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 smallest group in which the results of the company are consolidated is that headed by CLP Projects 2 Limited. The largest group in which the results of the company are consolidated is that headed by Combined Landfill Projects Limited. The consolidated accounts of both groups are available to the public and may be obtained from 20-22 Queen Street, Mayfair, London W1X 7PJ.