

Whinney Hill Energy Limited

Directors' report and financial statements
for the year ended 31 December 2002

Registered Number 03466084



Whinney Hill Energy Limited
Directors' report and financial statements
for the year ended 31 December 2002

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Whinney Hill Energy Limited

Directors and advisors for the year ended 31 December 2002

Directors

R D Holmes
R E Swanson
D R Wilson
D H FitzHerbert (resigned 18 March 2003)
A T West
H H P Wyndham

Secretary

A Pentecost

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

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

03466084

Whinney Hill Energy Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the company for the year ended 31 December 2002.

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 was £13,679 (year ended 31 December 2001 : £14,358 loss).

The directors do not recommend the payment of a dividend (year ended 31 December 2001: £nil).

The company experienced a fall in turnover due to the site being unable to run at full capacity as a result of capping operations being carried out by a third party. This is likely to continue, at varying degrees, over the next three years.

Directors and their interests

The directors who held office during the year are given below:

R D Holmes
R E Swanson
D R Wilson
D H FitzHerbert (resigned 18 March 2003)
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 year. 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 2002 and that applicable accounting standards have been followed.

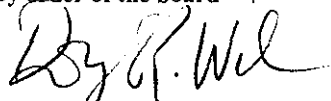
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of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

Whinney Hill Energy Limited

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the Directors appointed PricewaterhouseCoopers LLP. A resolution concerning their reappointment will be proposed at the next Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'D R Wilson', written over the printed name.

D R Wilson

Director

17 OCT 2003

Whinney Hill Energy Limited

Independent auditors' report to the members of Whinney Hill Energy Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 affairs of the company and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

17 October 2003

Whinney Hill Energy Limited

Profit and loss account for the year ended 31 December 2002

	Notes	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Continuing			
Turnover		188,795	334,370
Cost of sales		(111,978)	(234,999)
Gross profit		76,817	99,371
Administrative expenses		(10,785)	(13,466)
Operating profit		66,032	85,905
Interest payable and similar charges	4	(44,348)	(104,273)
Profit/(loss) on ordinary activities before taxation	1	21,684	(18,368)
Taxation	5	(8,005)	4,010
Profit/(loss) on ordinary activities after taxation		13,679	(14,358)
Retained profit brought forward		202,383	216,741
Retained profit carried forward		216,062	202,383

The company had no recognised gains or losses in the current year other than those passing through the profit and loss account.

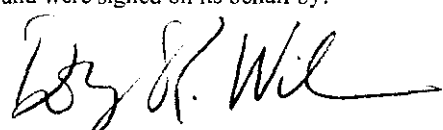
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

Whinney Hill Energy Limited

Balance sheet as at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	6	808,299	880,718
Current assets			
Debtors	7	372,987	330,628
Creditors: amounts falling due within one year	8	(62,958)	(119,979)
Net current assets		310,029	210,649
Total assets less current liabilities		1,118,328	1,091,367
Creditors: amounts falling due after more than one year	9	(843,812)	(821,029)
Provision for liabilities and charges	10	(48,454)	(57,955)
Net assets		226,062	212,383
Capital and reserves			
Called up share capital	11	10,000	10,000
Retained profit		216,062	202,383
Equity shareholders' funds	12	226,062	212,383

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

17 OCT 2003

Whinney Hill 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.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives from commissioning as follows:

Plant and machinery	15 years
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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 Holdings 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.

Whinney Hill Energy Limited

Notes to the financial statements for the year ended 31 December 2002

1 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Auditors' remuneration	2,100	2,088
Depreciation of tangible fixed assets	72,419	105,183

2 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company (2001: £nil).

3 Staff numbers and costs

No staff were employed by the company during the year (2001: £nil).

4 Interest payable and similar charges

	2002 £	2001 £
On loan from CLPE 1991 Limited	-	11,392
On loan from CLPE Projects 2 Limited	44,348	92,881
	44,348	104,273

Whinney Hill Energy Limited

5 Taxation

Analysis of charge in year

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Group relief payable at 30% (2001:30%)	17,506	-
Deferred tax credit	(9,501)	(4,010)
Tax on profits on ordinary activities	8,005	(4,010)

The tax for the year is higher (2001 - higher) than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	21,684	(18,368)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	6,505	(5,510)
Effects of:		
Depreciation for the year in excess of capital allowances	21,725	31,555
Utilisation of tax losses	(12,224)	(27,545)
Expenses not deductible for tax purposes	1,500	1,500
	17,506	-

Factors that may affect future tax charges

The company does not anticipate any factors that will have a significant effect on future tax charges.

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 31 December 2002 and 31 December 2001	1,086,282
Depreciation	
At 31 December 2001	205,564
Charge for the year	72,419
At 31 December 2002	277,983
Net book value	
At 31 December 2002	808,299
At 31 December 2001	880,718

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7 Debtors

	2002 £	2001 £
Trade debtors	15,092	16,304
Amounts due from CLPE Projects 2 Limited	340,506	294,953
Prepayments and accrued income	17,389	19,371
	372,987	330,628

8 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts due to CLPE Projects 2 Limited	-	22,783
Amounts due to group undertakings	17,506	-
Trade creditors	4,060	24,841
Other taxation and social security	7,077	4,219
Accruals and deferred income	34,315	68,136
	62,958	119,979

9 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Loan from CLPE Projects 2 Limited	843,812	821,029
Loans from parent company can be analysed as falling due:		
In one year or less, or on demand	-	22,783
Between one and two years	52,991	48,941
Between two and five years	195,849	178,044
In five years or more	594,972	594,044
	843,812	843,812

Interest is payable on the debt at 7.27%.

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10 Provision for liabilities and charges

Deferred taxation

	2002 £	2001 £
Provision for deferred tax comprises:		
Accelerated capital allowances	48,454	70,179
Tax losses carried forward	-	(12,224)
	48,454	57,955
Provision at start of year	57,955	61,965
Deferred tax credit in profit and loss account for year	(9,501)	(4,010)
Provision at end of year	48,454	57,955

11 Called up share capital

	2002 £	2001 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

12 Reconciliation of movement in equity shareholders' funds

	2002 £	2001 £
Profit/(loss) for the financial year	13,679	(14,358)
Opening equity shareholders' funds	212,383	226,741
Closing equity shareholders' funds	226,062	212,383

13 Commitments and guarantees

There were no capital commitments at the end of the financial year (2001: £nil).

The company has guaranteed the bank loans of its intermediate parent company, CLPE Projects 2 Limited, and its fellow subsidiaries amounting to £13,575,075 (2001: £10,551,555) by means of a debenture providing fixed and floating charges over the company's assets.

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14 Ultimate parent and controlling company

The company's ultimate parent company is "The Ridgewood Electric Power Trust V" an entity which is registered in the United States. Ridgewood Energy Holdings Corporation, a company registered and incorporated in the United States is the Corporate Trustee of the Trust. The directors consider that Ridgewood Energy Holdings Corporation is the ultimate controlling party of the company at 31 December 2002.

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 that headed by Ridgewood Power LLC.

The consolidated financial statements of CLPE Projects 2 Limited are available from 20-22 Queen Street, Mayfair, London, W1J 5PR.

15 Related party transactions

There were no transactions with related parties other than group companies during 2002.

During the prior year, the company paid £68,644 for operations and maintenance costs to CLP Envirogas Limited and £6,364 for administration costs to CLP Services Limited.

Prior to 16 October 2001, CLP Envirogas Limited was owned 50% by the company's intermediate parent undertaking CLPE Holdings Limited (formerly Ridgewood UK Limited), the other 50% being held by the parent company of CLP Services Limited.