CLP Envirogas

CLPE Projects 2 Limited

Annual report and financial statements

for the year ended 31 March 2012

Registered number 03966429

Directors and advisers

Directors
H H P Wyndham
E J Wilkinson
J D Paton

Company secretary
Eversecretary Limited
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers
BNP Paribas
5 Aldermanbury Square
London
EC2V 7HR

Registered office
Units 14 & 15 Queensbrook
Bolton Technology Exchange
Spa Road
Bolton
Lancashire
BL1 4AY

Directors' report for the year ended 31 March 2012

The directors present their report and the audited financial statements for company for the year ended 31 March 2012

Principal activities

The sole activity of CLPE Projects 2 Limited is that of a holding company, the principal activity of the group is the generation of electricity from methane gas extracted from numerous landfill sites, together with the associated operations and maintenance activity The group operates from a number of sites across the United Kingdom

Results and dividends

The loss for the year after taxation amounted to £1,222,889 (2011 £1,228,636 loss)

The directors do not recommend payment of a dividend (2011 £nil)

Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below

H H P Wyndham
E J Wilkinson
J D Paton (appointed 10 July 2012)

Going concern

The company has received confirmation from MEIF LG Holding Limited, the company's intermediate parent, that financial support will be provided for a period of at least twelve months from the date of approval of those financial statements such as to enable the company to meet its obligations as they fall due The directors therefore consider it appropriate to prepare the accounts on a going concern basis

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis Further discussion of group wide risks is provided within the directors' report of MEIF LG Holding Limited which does not form part of this report

Key performance indicators

The directors of MEIF LG Holding Limited manage the group's operations on a group wide basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of CLPE Projects 2 Limited The development, performance and position of MEIF LG Holding Limited, which includes this company, is discussed in the group's annual report which does not form part of this report

Directors' report for the year ended 31 March 2012

Financial risk management

Given that the status of the company is that of a small holding company providing services to CLPE Holdings Limited, its parent company, it is exposed to limited financial risks Those financial risks the group faces have been disclosed within the financial statements of MEIF LG Holding Limited for the year ended 31 March 2012 Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the finance department of MEIF LG Holding Limited

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Statement of disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report for the year ended 31 March 2012

Independent auditors

In accordance with section 487(2) of the Companies Act 2006 the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed

By order of the board

E J Wilkinson
Director

15 August 2012

Independent auditors' report

to the members of CLPE Projects 2 Limited

We have audited the financial statements of CLPE Projects 2 Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of CLPE Projects 2 Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nicholas Stevenson

Nicholas Stevenson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 August 2012

Profit and loss account

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Administrative expenses		**(7,523)**	(18,974)
Operating loss	2	**(7,523)**	(18,974)
Interest receivable and similar income		**8,374**	6,665
Interest payable and similar charges	4	**(1,565,061)**	(1,568,338)
Loss on ordinary activities before taxation		**(1,564,210)**	(1,580,647)
Tax on loss on ordinary activities	5	**341,321**	352,011
Loss for the financial year	10	**(1,222,889)**	(1,228,636)

All items dealt with in the profit and loss account above relate to continuing operations

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

The company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been prepared

Balance sheet

as at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	6	**6,027,358**	6,027,358
Current assets			
Debtors	7	**12,602,893**	12,393,123
Cash at bank and in hand		**3,055,328**	2,302,727
		15,658,221	14,695,850
Creditors amounts falling due within one year	8	**(32,179,040)**	(29,993,780)
Net current liabilities		**(16,520,819)**	(15,297,930)
Net liabilities		**(10,493,461)**	(9,270,572)
Capital and reserves			
Called up share capital	9	**2**	2
Profit and loss account	10	**(10,493,463)**	(9,270,574)
Total shareholders' deficit	11	**(10,493,461)**	(9,270,572)

The financial statements on pages 7 to 15 were approved by the board of directors on 15 August 2012 and were signed on its behalf by

E J Wilkinson
Director

Registered number: 03966429

Notes to the financial statements

for the year ended 31 March 2012

1. Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards A summary of the more important accounting policies, which have been applied consistently, are set out below

Going concern

Notwithstanding the fact that the company is loss making and has net current liabilities and net liabilities, the directors have prepared the financial statements on the going concern basis The directors have received confirmation from MEIF LG Holding Limited group, of its intention to financially support the company such that the company can meet those obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements

Group financial statements

The company has taken advantage of the exception available under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the company's holding company is MEIF LG Holding Limited, a company established under UK law that prepares consolidated financial statements

Cash flow statement

The directors have taken advantage of the exemption in FRS 1, (revised 1996) "Cash flow statements", from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Fixed asset investments

The company's investment in subsidiary undertakings is stated at cost less, where applicable, impairments

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

Group relief

Amounts receivable/payable in respect of tax losses surrendered to/by group companies are recognised in the year in which the losses are surrendered

Operating lease agreements

Rental costs under operating leases are recharged to subsidiary companies

Financial instruments

As the company has not elected to adopt FRS 26, "Financial Instruments Recognition and Measurement", it is entitled to, and has claimed exemption from, the disclosure requirements of FRS 29, "Financial Instruments Disclosures" Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument

Notes to the financial statements

for the year ended 31 March 2012

1. Accounting policies (continued)

Trade debtors

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value

Financial liabilities

Financial liabilities instruments are classified according to the substance of the contractual arrangements entered into

Equity interests

An equity interest is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

2. Operating loss

Operating loss is stated after charging

	2012	*2011*
	£	£
Auditors' remuneration – audit services	**4,453**	2,949

3. Employee information

The company paid no remuneration or wages to its directors (2011 £nil) and had no other employees during the year (2011 nil)

4. Interest payable and similar charges

	2012	*2011*
	£	£
Interest payable to parent company	**1,565,061**	1,568,338

Notes to the financial statements

for the year ended 31 March 2012

5. Tax on loss on ordinary activities

a) Analysis of credit in the year

	2012	*2011*
	£	*£*
Current tax		
Group relief recoverable	**(406,695)**	(442,581)
Adjustments in respect of prior years	**65,374**	90,570
Tax on loss on ordinary activities	**(341,321)**	(352,011)

b) Factors affecting current tax credit for the year

The tax assessed on the loss on ordinary activities for the year differs to the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

	2012	*2011*
	£	*£*
Loss on ordinary activities before tax	**(1,564,210)**	(1,580,647)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 26% (2011 28%)	**(406,695)**	(442,581)
Effects of		
Adjustments in respect of prior years	**65,374**	90,570
Total current tax credit	**(341,321)**	(352,011)

c) Factors that may affect future tax charges

On 1 April 2012 the UK corporation tax rate reduced from 26% to 24%, and will reduce by a further 1% a year over the following two years These further reductions have not yet been substantively enacted The rate change will affect the amount of future cash tax payments to be made by the company

Notes to the financial statements

for the year ended 31 March 2012

6. Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 April 2011 and 31 March 2012	8,413,578
Impairment	
At 1 April 2011 and 31 March 2012	2,386,220
Net book value	
At 31 March 2012	**6,027,358**
At 31 March 2011	6,027,358

The principal subsidiary companies at 31 March 2012, which are all wholly owned and incorporated in Great Britain, are listed below

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
CLPE Projects 1 Limited	Ordinary shares	100%	Holding Company
CLP ROC – 1 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLP ROC – 2 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLPE ROC – 3 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLPE ROC – 4 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Auchencarroch Energy Limited *	Ordinary shares	100%	Generation of electricity from landfill gas
Bellhouse Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Beighton Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Bolam Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Chelson Meadow Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Colsterworth Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Connon Bridge Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Cotesbach Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Feltwell Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Garlaff Energy Limited *	Ordinary shares	100%	Generation of electricity from landfill gas
Jameson Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Kilgarth Energy Limited *	Ordinary shares	100%	Generation of electricity from landfill gas
March Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Queen's Park Road Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Skelbrooke Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Summerston Energy Limited*	Ordinary shares	100%	Generation of electricity from landfill gas
Todhills Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
United Mines Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Wetherden Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Whinney Hill Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Whinney Hill Energy 2 Limited	Ordinary shares	100%	Generation of electricity from landfill gas

* incorporated in Scotland

The directors believe that the carrying value of the investments is supported by their underlying net assets

Notes to the financial statements

for the year ended 31 March 2012

7. Debtors

	2012	*2011*
	£	*£*
Amounts owed by group undertakings	**1,223,595**	1,489,657
Amounts owed by parent undertaking	**9,649,411**	9,513,755
Amounts owed by group undertakings for group relief	**1,727,404**	1,386,083
Other debtors	**2,483**	3,628
	12,602,893	12,393,123

The amounts owed by parent and group undertakings are unsecured, do not bear interest, and are repayable on demand

8. Creditors: amounts falling due within one year

	2012	*2011*
	£	*£*
Amounts owed to group undertakings	**15,467,578**	13,291,673
Amounts owed to parent undertaking	**15,690,073**	15,690,073
Trade creditors	**72,249**	174,922
Other taxes and social security costs	**943,773**	829,146
Accruals and deferred income	**5,367**	7,966
	32,179,040	29,993,780

Amounts owed to group undertakings are unsecured, do not bear interest, and are repayable on demand

Amounts owed to parent undertaking represent unsecured loans of £5,130,391(2011 £5,130,391) which bears interest at 15% and £10,559,682 (£10,559,682) which bears interest at 7 5% and are repayable on demand

9. Called up share capital

	2012	*2011*
	£	*£*
Authorised		
1,000 (2011 1,000) ordinary shares of £1 each	**1,000**	1,000
Allotted and fully paid		
2 (2011 2) ordinary shares of £1 each	**2**	2

Notes to the financial statements

for the year ended 31 March 2012

10. Profit and loss account

	£
At 1 April 2011	(9,270,574)
Loss for the financial year	(1,222,889)
At 31 March 2012	**(10,493,463)**

11. Reconciliation of movement in total shareholders' deficit

	2012 £	*2011* £
Loss for the financial year	**(1,222,889)**	(1,228,636)
Opening total shareholders' deficit	**(9,270,572)**	(8,041,936)
Closing total shareholders' deficit	**(10,493,461)**	(9,270,572)

12. Operating lease commitments

At 31 March 2012 the company has the following annual commitments under non-cancellable operating leases (of assets other than land and buildings), expiring as follows

	2012 £	*2011* £
Within one year	-	21,716
Between two and five years	-	-
	-	21,716

The amounts above reflect operating lease commitments for vehicles which are used by and recharged to subsidiary companies, the annual charge for the year ended 31 March 2012 was £36,206 (2011 £109,736)

13. Contingent liabilities

At 31 March 2012 the company was guarantor with other group companies, of loans totalling £87,788,000 (2011 £90,335,000), made by the group's bankers

Notes to the financial statements

for the year ended 31 March 2012

14. Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, "Related party disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Macquarie European Infrastructure Fund LP

15. Ultimate parent undertaking

CLPE 1999 Limited is the immediate parent undertaking and Macquarie European Infrastructure Fund LP (an English limited partnership with its registered office at PO Box 60, Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF) is the ultimate parent undertaking

MEIF LG Energy Limited is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Macquarie European Infrastructure Fund LP is the holding company of the largest group of undertakings for which group financial statements are drawn up Copies of these financial statements are available from the address above