

REGISTERED No: 4425795

**BIOJOULE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**



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# **Biojoule Limited**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2004**

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# **Biojoule Limited**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the Company for the year ended 31 March 2004.

### **Principal activities and review of the business**

The Company operates in the fields of sourcing, processing, densifying and supplying biomass for the generation of electricity, heat and combined heat and power.

The Company was incorporated on 26 April 2002, accordingly the comparatives are for the period from 26 April 2002 to 31 March 2003. The Company did not trade during this period.

### **Results and dividends**

The Company made a loss of £27,468 (2003: nil) during the financial year/period. During the financial year the Company has invested in establishing its first production plant and ensuring access to energy crops. It is now well set for exploiting this in the UK power sector. The directors do not recommend the payment of a dividend for the year ended 31 March 2004 (2003: nil).

### **Directors**

The directors of the Company during the year were as follows:

RT Bell (resigned 13 May 2003)  
A Brown  
ASL Cummings (appointed 18 July 2003)  
MP Gover  
CA Hipsley (appointed 16 May 2003)  
D Lindsay (resigned 9 April 2003)  
HD Lloyd (resigned 18 July 2003)  
PM Mason  
KJ Russell (resigned 9 April 2003)

At 31 March 2004 and throughout the year, PM Mason had an interest in 12 ordinary B shares of Biojoule Limited. During the year CO2 Innovations Limited, in which PM Mason has a 60% shareholding, purchased 100,000 non-cumulative redeemable preference shares of £1 each. The other directors of Biojoule Limited had no beneficial interest in the share capital of the Company at 31 March 2004, or at any time during the year.

## Biojoule Limited

The interests of the serving directors in the share capital of AEA Technology plc at 1 April 2003 (or date of appointment if later) and 31 March 2004 were:

	1 April 2003*	31 March 2004
AEA Technology plc – ordinary shares of 12 2/9p		
A Brown	36	36
ASL Cummings	293	730
MP Gover	39	39
CA Hipsley	1,201	10,001
PM Mason	-	-

\* Date of appointment, if later

The interests of the serving directors in options to subscribe for ordinary shares of AEA Technology plc are all from options granted under the SAYE share option scheme or the company share option plan (CSOP) and are set out below:

	31 March 2003*	Granted in the period	Lapsed in the period	31 March 2004	Exercise price	Nature of scheme	Date from which exercisable	Expiry date
AEA Technology plc – ordinary shares of 12 2/9p								
A Brown	11,718	-	-	11,718	£2.560	CSOP	1 Aug 2005	1 Aug 2012
ASL Cummings	820	-	-	820	£2.360	SAYE	1 Mar 2004	31 Aug 2004
	1,357	-	-	1,357	£1.960	SAYE	1 Mar 2005	31 Aug 2005
	15,177	-	(15,177)	-	£2.965	CSOP	26 Jun 2004	26 Jun 2011
	19,218	-	-	19,218	£2.560	CSOP	1 Aug 2005	1 Aug 2012
	3,869	-	-	3,869	£1.270	SAYE	1 Apr 2006	30 Sep 2006
	27,272	-	-	27,272	£2.200	CSOP	15 Jul 2006	15 Jul 2013
	-	1,008	-	1,008	£1.870	SAYE	1 Apr 2007	30 Sep 2007
MP Gover	10,910	-	(10,910)	-	£2.965	CSOP	26 Jun 2004	26 Jun 2011
	15,468	-	-	15,468	£2.560	CSOP	1 Aug 2005	1 Aug 2012
	12,933	-	-	12,933	£1.270	SAYE	1 Apr 2008	30 Sep 2008
	-	18,545	-	18,545	£2.200	CSOP	15 Jul 2006	15 Jul 2013
CA Hipsley	820	-	-	820	£2.360	SAYE	1 Mar 2004	31 Aug 2004
	1,938	-	-	1,938	£1.960	SAYE	1 Mar 2005	31 Aug 2005
	42,158	-	(42,158)	-	£2.965	CSOP	26 Jun 2004	26 Jun 2011
	56,640	-	-	56,640	£2.560	CSOP	1 Aug 2005	1 Aug 2012
	60,256	-	-	60,256	£1.950	CSOP	7 Oct 2005	7 Oct 2012
	2,976	-	-	2,976	£1.270	SAYE	1 Apr 2006	30 Sep 2006
	-	122,727	-	122,727	£2.200	CSOP	15 Jul 2006	15 Jul 2013
	-	1,008	-	1,008	£1.870	SAYE	1 Apr 2007	30 Sep 2007
PM Mason	-	-	-	-	-	-	-	-

\* Date of appointment, if later.

The performance period for the 2001 CSOP awards ended on 31 March 2004. The performance condition was not met and these awards therefore lapsed. Further details of these schemes are included in the AEA Technology plc consolidated financial statements.

# Biojoule Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. 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.

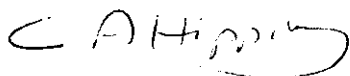
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

## Auditors

PricewaterhouseCoopers LLP were appointed as the first auditors of the Company. They have indicated their willingness to continue in office, and a resolution concerning their appointment will be proposed at the Annual General Meeting.

## By order of the Board



**CA Hipsley**  
**Director**  
**24 May 2004**

# **Biojoule Limited**

## **Independent auditors' report to the members of Biojoule Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **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.

### **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 judgments 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.

## Biojoule Limited

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", with a stylized flourish at the end.

PricewaterhouseCoopers LLP

Reading

Chartered Accountants and Registered Auditors

24 May 2004

# Biojoule Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Note	Year ended 31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
Other income	1	55,530	-
Operating expenses		(84,880)	-
<b>Operating (loss)/profit on ordinary activities before interest and taxation</b>	2	<b>(29,350)</b>	-
Interest receivable	3	1,882	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(27,468)</b>	-
Tax on (loss)/profit on ordinary activities	4	-	-
<b>(Loss)/profit for the year/period</b>	12	<b>(27,468)</b>	-

The Company's results above are derived entirely from continuing activities.

The Company has no recognised gains or losses other than the above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the periods stated above and their historical cost equivalents.

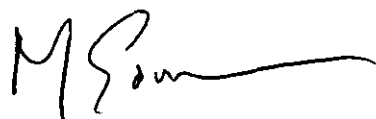


# Biojoule Limited

## BALANCE SHEET AS AT 31 MARCH 2004

	Note	31 March 2004 £	31 March 2003 £
<b>Fixed assets</b>			
Intangible assets	5	87,408	-
Tangible assets	6	369,866	-
		<b>457,274</b>	-
<b>Current assets</b>			
Stock and work in progress	7	11,562	-
Debtors falling due within one year	8	10,816	100
Cash at bank and in hand	9	78,075	-
		<b>100,453</b>	100
<b>Creditors - Amounts falling due within one year</b>	10	<b>(85,095)</b>	-
<b>Net current assets</b>		<b>15,358</b>	-
<b>Net assets</b>		<b>472,632</b>	100
<b>Capital and reserves</b>			
Called up share capital	11	500,100	100
Profit and loss account (deficit)	12	(27,468)	-
<b>Total shareholders' funds</b>	13	<b>472,632</b>	100
<b>Analysis of shareholders' funds(deficit)</b>			
Attributable to equity shareholders		(27,368)	100
Attributable to non-equity shareholders		500,000	-
		<b>472,632</b>	100

The financial statements on pages 6 to 16 were approved by the Board of directors on 24 May 2004 and were signed on their behalf by



**MP Gover**  
**Director**

# Biojoule Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Year ended 31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
Net cash outflow from operating activities	(17,459)	-
Returns on investments and servicing of finance		
Interest received	1,882	-
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(76,003)	-
Purchase of tangible fixed assets	(330,345)	-
Equity dividends paid	-	-
Management of liquid resources	-	-
Financing		
Issue of preference shares	500,000	-
<b>Increase in cash in the year</b>	<b>78,075</b>	<b>-</b>

## RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
Operating loss	(29,350)	-
Amortisation of intangible fixed assets	4,600	-
(Increase) in stock and work in progress	(11,562)	-
(Increase) in debtors	(10,716)	-
Increase in creditors	29,569	-
<b>Net cash outflow from operating activities</b>	<b>(17,459)</b>	<b>-</b>

# **Biojoule Limited**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004**

### **Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

#### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention.

#### **Intangible fixed assets**

Intangible fixed assets are recorded at cost less accumulated amortisation and any provision for impairment. The cost of acquired intangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Amortisation is calculated so as to write off the cost of intangible fixed assets on a straight line basis over the expected economic lives of the assets concerned. The principal annual rate used for the amortisation of intangible assets, where acquired, is 10% per annum.

#### **Tangible fixed assets**

Tangible fixed assets are recorded at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected economic lives of the assets concerned. Assets in the course of construction are not depreciated.

The estimated useful lives for the main categories of fixed assets are as follows:

Plant and equipment:	10 – 15 years
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# **Biojoule Limited**

## **Stock and work in progress**

Stock is valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Work in progress is valued at the lower of cost and net realisable value. Cost comprises purchase cost plus production and related overheads.

## **Deferred taxation**

Deferred taxation is recognised using the incremental liability method whereby deferred taxation is provided on a full provision basis, without discounting, on all timing differences, which have arisen but not reversed at the balance sheet date. The deferred taxation balance has been measured at the tax rate expected to apply when the timing differences reverse.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

## **Leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

## **Foreign currencies**

All transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date the transaction takes place or at the contracted rate if the transaction is covered by a forward exchange contract. Balances denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date or if appropriate at the forward contract rate. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

# Biojoule Limited

## 1. Other income

The Company received a grant from DEFRA relating to the cuttings facility at Moorclose Farm.

	Year ended 31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
DEFRA grant	55,530	-

## 2. Operating (loss)/profit

	Year ended 31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
<b>Operating (loss)/profit is stated after charging:</b>		
Auditors' remuneration for audit services	5,500	-
Amortisation of intangible fixed assets	4,600	-
Operating lease charge – land and buildings	15,000	-

All of the directors except PM Mason were remunerated as employees of AEA Technology plc and received no fees or other remuneration as directors of the Company. PM Mason has not received any fees or other remuneration as a director of the Company. The Company does not have any employees and hence does not have any employee related costs.

## 3. Interest receivable

	Year ended 31 March 2004 £	Period 26 April 2002 to 31 March 2003 £
Bank interest receivable	1,882	-

## 4. Tax on (loss)/profit on ordinary activities

The Company has not incurred a charge to corporation tax in the year. The difference between the actual tax for the year and the standard rate of corporation tax in the UK (30%) is as follows:

	Year ended 31 March 2004 £	Period 26 April to 31 March 2003 £
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(27,468)</b>	<b>-</b>
(Loss)/profit on ordinary activities before tax multiplied by the standard rate in the UK (30%)	(8,240)	-
<b>Effects of:</b>		
Unutilised loss carried forward	8,240	-
	-	-

# Biojoule Limited

## 5. Intangible fixed assets

	Other £
<b>Cost</b>	
At 1 April 2003	-
Additions	92,008
<b>At 31 March 2004</b>	<b>92,008</b>
<b>Accumulated amortisation</b>	
At 1 April 2003	-
Charge for the year	4,600
<b>At 31 March 2004</b>	<b>4,600</b>
<b>Net book value</b>	
At 31 March 2003	-
<b>At 31 March 2004</b>	<b>87,408</b>

## 6. Tangible fixed assets

	Plant and Equipment * £
<b>Cost</b>	
At 1 April 2003	-
Additions	369,866
<b>At 31 March 2004</b>	<b>369,866</b>
<b>Accumulated depreciation</b>	
At 1 April 2003	-
<b>At 31 March 2004</b>	<b>-</b>
<b>Net book value</b>	
At 31 March 2003	-
<b>At 31 March 2004</b>	<b>369,866</b>

\* Plant and equipment is entirely composed of assets in the course of construction

# Biojoule Limited

## 7. Stock and work in progress

	2004	2003
	£	£
Work in progress	11,562	-

## 8. Debtors – Amounts falling due within one year

	2004	2003
	£	£
Amounts owed by group undertakings	-	80
Other debtors	-	20
Prepayments	1,050	-
VAT	9,766	-
<b>Total</b>	<b>10,816</b>	<b>100</b>

## 9. Cash at bank and in hand

	2004	2003
	£	£
Bank	78,075	-

## 10. Creditors - Amounts falling due within one year

	2004	2003
	£	£
Trade creditors	5,875	-
Amounts owed to the parent company	55,525	-
Accruals	23,695	-
<b>Total</b>	<b>85,095</b>	<b>-</b>

The amounts owed to the parent company as at the 31 March 2004 are unsecured, interest free and repayable on demand.

# Biojoule Limited

## 11. Called up share capital

	2004 £	2003 £
<b>Authorised</b>		
80 ordinary 'A' shares of £1 each	80	80
20 ordinary 'B' shares of £1 each	20	20
500,000 non-cumulative redeemable preference shares of £1 each	500,000	-
<b>Total</b>	<b>500,100</b>	<b>100</b>
<b>Allotted, called up and fully paid</b>		
80 ordinary 'A' shares of £1 each	80	80
20 ordinary 'B' shares of £1 each	20	20
500,000 non-cumulative redeemable preference shares of £1 each	500,000	-
<b>Total</b>	<b>500,100</b>	<b>-</b>

### Class rights

#### *Dividends*

The ordinary 'A' shares of £1 each and the ordinary 'B' shares of £1 each confer on the holders an equal right (as if they were one class of share) to receive dividends.

The non-cumulative redeemable preference shares of £1 each do have the right to receive a fixed non-cumulative preferential dividend at the rate of 1% above the Barclays Bank base interest rate calculated on the nominal paid up or credited as paid up thereon payable on 1 February. If the Company is unable to pay the whole or any part of the preference dividend on the due dates then the preference dividend shall be treated as cancelled and the Company shall be under no obligation to make such payment.

#### *Return of capital*

On a return of assets on liquidation, reduction of capital or otherwise, the non-cumulative redeemable preference shares shall first receive an amount per share equal to the subscription price per share. After this distribution, the balance is distributed equally amongst the holders of the ordinary 'A' shares of £1 each and the ordinary 'B' shares of £1.

#### *Voting*

Each shareholder of the ordinary 'A' shares and the ordinary 'B' shares shall be entitled to receive notice of, and to attend and vote, at general meetings of the Company. The non-cumulative redeemable preference shares do not confer any voting rights.

## 12. Profit and loss account (deficit)

	£
At 1 April 2003	-
Loss for the year	(27,468)
<b>At 31 March 2004</b>	<b>(27,468)</b>



## Biojoule Limited

### 13. Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Opening shareholders' funds	100	-
(Loss)/profit for the year/period	(27,468)	-
Issue of non-cumulative redeemable preference shares	500,000	-
Issue of ordinary share capital	-	100
Closing shareholders' funds	472,632	100

### 14. Reconciliation of net cash flow to movement in net debt

	2004	2003
	£	£
Increase in cash in the year	78,075	-
Net debt at 1 April 2003	-	-
Net debt at 31 March 2004	78,075	-

### 15. Financial commitments

At 31 March 2004 the Company had annual commitments under non-cancellable operating leases for land and buildings as follows;

	2004	2003
	£	£
Within one year	6,667	-

### 16. Contingent liabilities

The Company is a member of the AEA Technology plc VAT group. The Company is jointly liable for the total VAT liability of the Group, which was £5m at 31 March 2004.

## Biojoule Limited

### 17. Related party transactions

The Company's related parties, the nature of the relationship and the extent of transactions with them, as defined by FRS 8 are summarised below:

	2004	2003
	£	£
Purchases from AEA Technology plc on normal trading terms	492,471	-
Amounts owed to AEA Technology plc	55,525	-

AEA Technology plc is a substantial shareholder and owns 80 ordinary 'A' shares in the Company.

### 18. Share option schemes of AEA Technology plc

#### BAYE/SAYE share option schemes

An Inland Revenue-approved scheme is operated by the Company's parent company, AEA Technology plc. The scheme provides for all eligible employees of the parent company and its subsidiaries who enter into a buy-as-you-earn/save-as-you-earn contract to be granted an option to acquire shares of AEA Technology plc at a price that is fixed at the time when the option is granted. Options may be exercised three (BAYE/SAYE) or five years (SAYE only) after the commencement of the savings contract.

Further details of the scheme are given in the Annual Report of AEA Technology plc.

#### Company Share Option Plan

The Company's parent company, AEA Technology plc, has established an Inland Revenue-approved scheme under which participants can hold up to £30,000 worth of options free of income tax on exercise and an unapproved scheme for higher amounts. CSOP awards are subject to a performance target based on the achievement over a three-year period of earnings per share growth.

Further details of the schemes are given in the Annual Report of AEA Technology plc.

### 19. Ultimate parent undertaking

AEA Technology plc owns 80% of the ordinary share capital. The directors regard AEA Technology plc as the immediate and ultimate parent company and controlling party.

Copies of AEA Technology plc's consolidated financial statements may be obtained from the Company Secretary of AEA Technology plc, 329 Harwell, Didcot, Oxfordshire, OX11 0QJ.