

Enviropower Investments Limited

Directors' report and financial
statements

Registered number 5024248

31 December 2005



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Contents

Statutory information	1
Directors' report	2
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditors' report to the members of Enviropower Investments Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Statutory information

Directors

QR Stewart
CPT O'Haire

Company secretary

JM Bolton

Registered office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditors

KPMG LLP
1 Puddle Dock
London
EC4V 3PD

Directors' report

The directors (the "Directors") of Enviropower Investments Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the Company is that of the financing of Kent Enviropower Limited.

Results and dividends

The result for the year ended 31 December 2005 is set out on page 7. The loss for the year amounted to £66,000 (*profit for the period from 23 January 2004 to 31 December 2004: £66,000*). The Directors do not recommend the payment of a dividend and thus the loss of £66,000 has been withdrawn (*period from 23 January 2004 to 31 December 2004: £66,000 has been transferred*) to reserves.

Directors and Directors' interests

The Directors who served as directors of the Company during the year ended 31 December 2005 and up to the date of this report were as follows:

CPT O'Haire
QR Stewart
PW Burns (resigned 24 January 2005)

None of the Directors or connected persons held an interest in the share capital of the Company during the year ended 31 December 2005.

Elective regime

On 15 March 2004 the Company passed elective resolutions in accordance with section 379A of the Companies Act 1985 as amended (the "Act") to dispense with the formalities of:

- the holding of annual general meetings (section 366A of the Act)
- the laying of accounts before the Company in general meeting (section 252 of the Act)
- the obligation to appoint auditors annually (section 386 of the Act)

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with section 238(1) of the Act.

Charitable and political donations

No political or charitable donations were made during the year ended 31 December 2005 (*period from 23 January 2004 to 31 December 2004: £nil*).

Directors' report (*continued*)

Auditors

Pursuant to a shareholders' elective resolution passed on 15 March 2004, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to be 'JM Bolton', with a long horizontal stroke extending to the right.

JM Bolton
Company Secretary

27 April

2006

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 judgments and 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Puddle Dock
London
EC4V 3PD
United Kingdom

Independent auditors' report to the members of Enviropower Investments Limited

We have audited the financial statements of Enviropower Investments Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Enviropower Investments Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 May 2006

Profit and loss account
year ended 31 December 2005

	<i>Note</i>	Year ended 31 December 2005 £000	Period from 23 January 2004 to 31 December 2004 £000
Operating profit		-	-
Interest receivable	4	585	710
Interest payable	5	(680)	(615)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	2	(95)	95
Tax on (loss)/profit on ordinary activities	6	29	(29)
		<hr/>	<hr/>
(Loss)/profit for the financial year/period	10	(66)	66
		<hr/>	<hr/>

All results are derived from continuing operations.

There are no recognised gains and losses in the current financial year or previous financial period other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on a historical cost basis and that shown in the profit and loss account.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Current assets			
Debtors: amounts due after one year	7	15,538	14,953
Total assets less current liabilities		<u>15,538</u>	<u>14,953</u>
Creditors: amounts falling due after more than one year	8	(15,538)	(14,887)
Net assets		<u>-</u>	<u>66</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	-	66
Equity shareholders' funds	11	<u>-</u>	<u>66</u>

These financial statements were approved by the board of Directors on
 were signed on its behalf by:

27 April

2006 and

QR Stewart
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. The introduction of FRS 21 and FRS 25 has had no material effect on the current or prior year numbers as the Company has no financial statement items in either year that are impacted by the introduction of these two accounting standards. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The corresponding amounts in these financial statements are in accordance with the new policies.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow exemption

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2 (Loss)/profit on ordinary activities before taxation

Auditors' remuneration in respect of audit fees has been borne by Waste Recycling Limited.

3 Information regarding the Directors and employees

None of the Directors or staff received any remuneration or benefits from the Company during the year ended 31 December 2005. The Company had no employees during the current financial year or previous financial period.

4 Interest receivable

	Year ended 31 December 2005 £000	Period from 23 January 2004 to 31 December 2004 £000
Interest receivable on loan to Kent Enviropower Limited	585	710

Notes (continued)

5 Interest payable

	Year ended 31 December 2005 £000	Period from 23 January 2004 to 31 December 2004 £000
Interest payable to The Royal Bank of Scotland PLC	(680)	(615)

6 Tax on (loss)/profit on ordinary activities

	Year ended 31 December 2005 £000	Period from 23 January 2004 to 31 December 2004 £000
Corporation tax		
United Kingdom corporation tax at 30%	(29)	29
Total current tax charge	(29)	29

7 Debtors: amounts due after one year

	2005 £000	2004 £000
Amount owed from related party - Kent Enviropower Limited	15,538	14,953

The subordinated facility agreement (the "Subordinated Facility") dated 29 March 2004 between the Company and Kent Enviropower Limited ("KEL") for a principal amount of £14,243,141 provides for the payment of interest by KEL to the Company at a rate payable by the Company under a term facility agreement (the "Facility") dated 29 March 2004 between the Company and, amongst others, The Royal Bank of Scotland plc (unless agreed otherwise between the Company and KEL). The rate payable by the Company under the Facility is 1% per annum above LIBOR, plus any Mandatory Cost (as defined by the Facility). The principal amount under the Facility is £14,243,141. The Company and KEL have agreed that a different rate of interest should apply under the Subordinated Facility for the current financial year and previous financial period.

8 Creditors: amounts falling due after more than one year

	2005 £000	2004 £000
Amount owed to The Royal Bank of Scotland plc (see note 7)	15,538	14,858
Corporation tax	-	29
	15,538	14,887

Notes (continued)

9 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

10 Reserves

	£000
Profit and loss account	
As at 1 January 2005	66
Loss for the financial year	(66)
	<hr/>
At 31 December 2005	-
	<hr/>

11 Reconciliation of movement in shareholders' funds

	Year ended 31 December 2005 £000	Period from 23 January 2004 to 31 December 2004 £000
(Loss)/profit for the financial year/period	(66)	66
Opening shareholders' funds	66	-
	<hr/>	<hr/>
Closing shareholders' funds	-	66
	<hr/>	<hr/>

12 Related party transactions

Waste Recycling Group Limited is a related party as both it and the Company have the same ultimate parent undertaking, TFCP Holdings Limited (formerly Terra Firma Capital Partners Holdings Limited).

Auditors' remuneration in respect of audit fees has been borne by Waste Recycling Limited, a subsidiary of Waste Recycling Group Limited.

Kent Enviropower Limited is a related party as both it and the Company have the same ultimate parent undertaking, TFCP Holdings Limited

Notes *(continued)*

13 Ultimate parent company

The Company's immediate parent company is Terra Firma Investments (GP) 2 Limited, a company which is registered in Guernsey.

The Directors regard TFCP Holdings Limited, a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity.

Group accounts are not drawn up by either Terra Firma Investments (GP) 2 Limited or TFCP Holdings Limited.