

ECO-5 Limited

Financial statements

For the year ended 31 December 2005



Company No. 05342865

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Report of the directors

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2005.

Principal activities

The principal activity of the company during the year was as a holding company for a subsidiary engaged in the development of renewable energy.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 December 2005	At 1 January 2005 or later date of appointment
P Darwell	'A' Ordinary	59,590	-
R J Kirk	'A' Ordinary	38,100	-
R J Fuller	'A' Ordinary	8,380	-
J W Morgan	'A' Ordinary	6,209	-
D Williams	'B' Ordinary	4,686	-
C A Richards	'B' Ordinary	17,180	-
D J Williams	'B' Ordinary	<u>17,180</u>	<u>-</u>

P Darwell was appointed as a director on 26 January 2005.

R J Kirk was appointed as a director on 26 January 2005.

R J Fuller was appointed as a director on 16 June 2005.

J W Morgan was appointed as a director on 16 June 2005.

D Williams was appointed as a director on 16 June 2005.

C A Richards was appointed as a director on 16 June 2005.

D J Williams was appointed as a director on 16 June 2005.

E B Hyams was appointed as a director on 2 March 2006.

A W Lee was appointed as a director on 2 March 2006.

P Darwell resigned as a director on 2 March 2006.

R J Kirk resigned as a director on 2 March 2006.

R J Fuller resigned as a director on 2 March 2006.

J W Morgan resigned as a director on 2 March 2006.

D Williams resigned as a director on 2 March 2006.

C A Richards resigned as a director on 2 March 2006.

D J Williams resigned as a director on 2 March 2006.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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. In preparing these financial statements, the directors are required to:

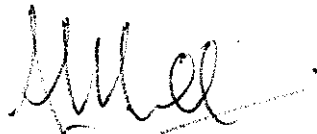
- select suitable accounting policies, as described on page 5, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the financial statements comply with the Companies Act 1985. The directors 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.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



A W Lee
Director

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Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Fixed assets

All fixed assets are initially recorded at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2005 £
Turnover		—
Profit on ordinary activities before taxation		—
Profit for the financial year		—

Balance sheet

	Note	2005 £
Fixed assets		
Investments	2	333,333
Current assets		
Debtors	3	1,171
Creditors: amounts falling due within one year	4	250,000
Net current liabilities		(248,829)
Total assets less current liabilities		84,504
Capital and reserves		
Called-up equity share capital	6	1,562
Share premium account	7	82,942
Shareholders' funds		84,504

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on and are signed on their behalf by:


A W Lee
Director

Notes to the financial statements

1 Other operating charges

	2005 £
Administrative expenses	—

2 Investments

	Subsidiaries £
Cost	
Additions	333,333
At 31 December 2005	<u>333,333</u>
Net book value	
At 31 December 2005	<u>333,333</u>

	Country of incorporation	Proportion of shares held	Principal industry
Eco 2 Projects Limited	England and Wales	100%	Renewable energy

3 Debtors

	2005 £
Other debtors	<u>1,171</u>

4 Creditors: amounts falling due within one year

	2005 £
Amounts owed to shareholders	<u>250,000</u>

5 Related party transactions

During the year the a loan of £250,000 was made to the company by the companies share holders. This was outstanding as at the year end. There are no further transactions with related parties that are required to be disclosed under Financial Reporting Standard 8.

6 Share capital

Authorised share capital:

	2005 £
1,500,000 'A' Ordinary shares of £0.01 each	15,000
500,000 'B' Ordinary shares of £0.01 each	5,000
	<u>20,000</u>

Allotted, called up and fully paid:

	No	£
'A' Ordinary shares of £0.01 each	117,139	1,171
'B' Ordinary shares of £0.01 each	39,046	390
	<u>156,185</u>	<u>1,562</u>

7 Share premium account

	2005 £
Premium on shares issued in the year	82,942
Balance carried forward	<u>82,942</u>