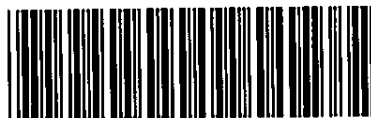


**CLARIEN ENERGY (UK) LIMITED**  
**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

THURSDAY



\*ANLI9KJC\*

A26

03/06/2010

429

COMPANIES HOUSE

# **CLARIEN ENERGY (UK) LIMITED**

## **CONTENTS**

---

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

---

# **CLARIEN ENERGY (UK) LIMITED**

## **COMPANY INFORMATION**

---

**Directors**

Andrew Lee  
Wayne Woo

**Secretary**

Farida Ahkim

**Company number**

05592894

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Bankers**

Bank of Tokyo-Mitsubishi UFJ Limited  
Finsbury Circus House  
12-15 Finsbury Circus  
London  
EC2M 7BT

**Registered office**

Standbrook House  
c/o Good Energies Assets Fund L P  
2 - 5 Old Bond Street  
London  
W1S 4PD

**CLARIEN ENERGY (UK) LIMITED**  
**REGISTERED NO: 05592894**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

---

The directors present their report and financial statements for the year ended 31 December 2009

**Principal activities**

The company is a holding company for subsidiary undertakings engaged in the development and operation of renewable energy plants. The principal activity of the company is assisting in the acquisition of funding for the subsidiary undertakings which are also the operating companies. Interest is charged at arms length for funds remitted to subsidiary undertakings.

As at the reporting date, the company is a wholly owned subsidiary undertaking of Eco2 Projects Limited.

**Results and dividends**

The profit for the year amounted to £1,132,973 (2008 £225,677). The directors do not recommend the payment of any dividends.

**Review of the business**

During the year under review, the company borrowed a further £Nil (2008 £103,410) from the Bank of Tokyo Mitsubishi UFJ, Limited (BTM) and another £Nil (2008 £5,003,401) from Eco2 Projects Limited, its immediate parent company.

As at 31 December 2009, £38,651,186 (2008 £38,503,186) of the total funds raised was transferred to Dummues Windfarm Huntly Limited and Western Bio-Energy Limited, its two subsidiary undertakings. The company received interest income of £1,297,749 (2008 £1,181,551) from Dummues Windfarm Huntly Limited and £3,641,289 (2008 £2,682,087) from Western Bio-Energy Limited.

No future developments are expected.

**Principal risks and uncertainties**

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from the financial assets are insufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk and cash flow risk.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks the directors consider relevant to this company are liquidity and cash flow risks. These risks are mitigated by the nature of the balances owed, with these due to and from group companies.

The company is expected to continue to generate interest income in excess of interest expense for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's fellow subsidiary, EREF Holdings UK Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

---

**CLARIEN ENERGY (UK) LIMITED**  
**REGISTERED NO: 05592894**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

---

**Directors**

The following directors held office since 1 January 2009

Andrew W Lee  
Wayne Woo

**Directors' indemnity provision**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

In accordance with s485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the shareholder at the Annual General Meeting.

On behalf of the board



Andrew Lee  
**Director**  
25 May 2010

**CLARIEN ENERGY (UK) LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

---

The directors are responsible for preparing 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 elected to prepare 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 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CLARIEN ENERGY (UK) LIMITED**

---

We have audited the financial statements of Clarien Energy (UK) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 17. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 explained more fully in the Statement of Directors' Responsibilities as set out on page 4, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **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.

### **Opinion on the 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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of 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 SHAREHOLDER OF CLARIEN ENERGY (UK) LIMITED  
(CONTINUED)**

---

**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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

*Ernst & Young LLP*

David Coulon (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date *29 May 2010*



**CLARIEN ENERGY (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
Administrative expenses		(137,446)	(262,199)
<b>Operating loss</b>	<b>2</b>	<b>(137,446)</b>	<b>(262,199)</b>
Interest receivable and similar income	<b>4</b>	4,944,531	4,229,986
Interest payable and similar charges	<b>5</b>	(3,578,951)	(3,496,060)
<b>Profit on ordinary activities before taxation</b>		<b>1,228,134</b>	<b>471,727</b>
Tax on profit on ordinary activities	<b>6</b>	(95,161)	(246,050)
<b>Profit for the year</b>	<b>13</b>	<b>1,132,973</b>	<b>225,677</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2009 £	2008 £
Net profit for the year	1,132,973	225,677
Total recognised gains for the year	<b>1,132,973</b>	<b>225,677</b>
Prior year adjustment	-	7,697
Total recognised gains recognised since last year	<b>1,132,973</b>	<b>233,374</b>

All realised profits and losses arise as a result of continuing operations

The notes on pages 9 to 16 form part of these financial statements

**CLARIEN ENERGY (UK) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Investments	7	515,002	515,002
Amounts owed by group undertakings		42,936,662	41,121,723
		<b>43,451,664</b>	<b>41,636,725</b>
<b>Current assets</b>			
Debtors	8	102,011	339,119
Cash at bank		3,611,759	419,353
		<b>3,713,770</b>	<b>758,472</b>
<b>Creditors</b> amounts falling due within one year	9	(4,574,990)	(1,487,913)
<b>Net current liabilities</b>		<b>(861,220)</b>	<b>(729,441)</b>
<b>Total assets less current liabilities</b>		<b>42,590,444</b>	<b>40,907,284</b>
<b>Creditors:</b> amounts falling due more than one year	10	(43,590,772)	(43,040,585)
<b>Net liabilities</b>		<b>(1,000,328)</b>	<b>(2,133,301)</b>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	(1,000,329)	(2,133,302)
<b>Shareholder's funds</b>		<b>(1,000,328)</b>	<b>(2,133,301)</b>

These financial statements were approved by the board of directors on 25 May 2010 and were signed on its behalf by

  
 Andrew Lee  
 Director

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

---

**1 Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice)

The company and its subsidiary form part of a small group which is exempt from the requirement to prepare group financial statements by virtue of section 399 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements are prepared on a going concern basis.

**1.2 Cash flow statement**

The company has taken advantage of the exemption in the Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**1.3 Investments**

Fixed asset investments are stated at cost less provision for diminution in value. At the end of the year the costs of the investments are reviewed for any impairment in value. Any such impairment is reflected in the books.

**1.4 Recognition of interest income**

Interest receivable from banks and inter-company loans to subsidiary undertakings is recognised as it accrues.

**1.5 Interest payable**

Interest costs are recognised in the profit and loss account as they accrue.

**1.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**1.7 Deferred tax**

Deferred taxation 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 right to pay less or to receive more, tax, with following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**1 Accounting policies (continued)**

**1.8 Provision for liabilities**

A provision is recognised when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation

**1.9 Derivative instrument**

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The company also uses interest rate swaps to adjust interest rate exposure.

***Forward foreign currency contracts***

The recognition criteria for forward foreign currency contracts are

- the instrument must be related to a firm foreign currency commitment,
- it must involve the same currency as the hedged item, and
- it must reduce the risk of foreign currency exchange movements on the company's operations

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

***Interest rate swaps***

The company's criteria for interest rate swaps are

- the instrument must be related to an asset or a liability, and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest receivable. Interest rate swaps are not revalued to fair value or shown on the company balance sheet at the year end. If terminated early, the gain/loss is spread over the remaining maturity of the original instrument.

**2 Operating loss**

	2009 £	2008 £
Operating loss is stated after charging/(crediting)		
Auditor's remuneration – audit of financial statements	10,000	21,791
Foreign exchange gains	<u>3,588</u>	<u>(2,311)</u>

Included in 2008 auditor's remuneration is an amount of £11,641 related to services provided in 2008 for the audit of the prior years' financial statements.

**3 Staff Costs**

No remuneration or pension was paid to the directors for the services to the company. The company had no other employees.

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**4 Interest receivable and similar income**

	2009	2008
	£	£
Interest receivable from group undertakings	4,939,038	3,863,638
Interest rate swap income	803	297,841
Interest on bank accounts	4,690	68,507
	<u>4,944,531</u>	<u>4,229,986</u>

The company has advanced an inter-company loan to both of its subsidiaries

Total interest of £1,297,749 (2008 £1,181,551) was accrued for Dummues Windfarm Huntly Limited calculated at an interest rate of 10%. The interest is compounded annually. The loan balance due from Dummues Windfarm Huntly Limited at 31 December 2009 was £11,528,536 (2008 £11,474,596) includes interest receivable of £986,628 (2008 £932,689)

Total interest of £3,641,289 (2008 £2,682,087) was accrued for Western Bio-Energy Limited calculated at interest rates of 13% on the initial £6,931,764 (2008 £6,931,674). Interest rate of 11% is applied on the remaining balance. The interest is compounded annually. The loan balance due from Western Bio-Energy Limited at 31 December 2009 was £31,408,126 (2008 £29,647,127) includes interest receivable of £3,298,848 (2008 £1,685,848)

**5 Interest payable and similar charges**

	2009	2008
	£	£
Interest payable to parent undertaking	2,503,082	1,838,091
Loan interest payable	467,855	1,657,948
Interest payable - other	-	21
Interest rate swap payments	608,014	-
	<u>3,578,951</u>	<u>3,496,060</u>

**6 Taxation**

(a) Tax on profit on ordinary activities  
The tax charge is made up as follows

	2009	2008
	£	£
<b>Analysis of tax charge for the period :</b>		
UK corporation tax at current rates	-	-
Deferred tax	95,161	246,050
Tax charge on profit on ordinary activities	<u>95,161</u>	<u>246,050</u>

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**6 Taxation (continued)**

**(b) Factors affecting current tax charge for period**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company of 28% (2008 28.5%). The differences are explained below

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	<u>1,228,134</u>	<u>471,727</u>
Profit/(loss) on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28% (2008 28.5%)	343,878	134,442
Effect of		
Expenses not deductible for tax purposes	28	86
Utilisation of losses brought forward	(318,461)	(134,528)
Group relief claimed for nil consideration	<u>(25,445)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**(c) Provision for deferred tax**

	Deferred tax 2009 £	Deferred tax 2008 £
At 1 January	(95,161)	(341,211)
Profit and loss account	<u>95,161</u>	<u>246,050</u>
At 31 December	<u>-</u>	<u>(95,161)</u>

The deferred tax included within debtors in the balance sheet consists of

	2009 £	2008 £
Timing differences	-	95,161
Total deferred tax assets (see note 8)	<u>-</u>	<u>95,161</u>

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**7 Investments**

	Subsidiary undertakings £
<b>Cost:</b>	
At 1 January 2009 and 31 December 2009	<u>515,002</u>
<b>Amounts provided:</b>	
At 1 January 2009 and 31 December 2009	<u>-</u>
<b>Net book value</b>	
At 1 January 2009 and 31 December 2009	<u>515,002</u>

Investments in subsidiary undertakings represent the company's investment in Dummures Windfarm Huntly Limited and Western Bio-Energy Limited. Both subsidiary undertakings are registered in England and Wales.

<i>Name of company</i>	<i>Holding</i>	<i>Profit/(loss) for the year</i>	<i>Aggregate amount of the capital and reserves at 31 December 2009</i>
Dummures Windfarm Huntly Limited	100% of ordinary share capital	(£1,336,162)	(£2,772,035)
Western Bio-Energy Limited	80% of ordinary share capital	(£462,660)	(£6,202,042)

**8 Debtors**

	2009 £	2008 £
Other debtors	102,011	243,208
Deferred tax assets (see note 6(c))	-	95,161
VAT receivable	-	750
	<u>102,011</u>	<u>339,119</u>

Amount falling due after more than one year included above is deferred tax assets of £Nil (2008 £95,161)

**9 Creditors amount falling due within one year**

	2009 £	2008 £
Current instalments due on secured loans (see note 11)	963,464	1,050,221
Trade creditors	-	8,001
Amounts owed to group undertakings	3,568,496	297,554
Accruals	43,030	132,137
	<u>4,574,990</u>	<u>1,487,913</u>

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**10 Creditors amounts falling due in more than one year**

	2009	2008
	£	£
Secured bank loans (see note 11)	22,162,562	23,953,536
Amounts owed to group undertakings	21,428,210	19,087,049
	<u>43,590,772</u>	<u>43,040,585</u>

The business is partly financed by a shareholder loan from its immediate parent undertaking, Eco2 Projects Limited. The loan balance of £21,428,210 at 31 December 2009 (2008 £19,087,049) includes interest of £6,075,997 (2008 £3,734,836) calculated at an interest rate of 13%. The interest is compounded annually. No repayment dates have been scheduled.

**11 Loans**

Loans repayable, included within creditors, are analysed as follows

	2009	2008
	£	£
Wholly repayable within five years	6,069,384	5,766,978
Not wholly repayable within five years	17,056,642	19,236,779
	<u>23,126,026</u>	<u>25,003,757</u>

Details of loans not wholly repayable within five years are as follows

	2009	2008
	£	£
Secured loan repayable on 31 December 2022 (Tranche A1)	10,907,666	12,314,386
Secured loan repayable on 31 December 2022 (Tranche A2)	6,148,976	6,922,393
	<u>17,056,642</u>	<u>19,236,779</u>

On 9 February 2006, the company obtained two long term loan facilities (Tranches A1 and A2) from the Bank of Tokyo-Mitsubishi UFJ, Limited to finance the development of the windfarm operated by Dummies Windfarm Huntly Limited in Aberdeen, Scotland and the biomass plant operated by Western Bio-Energy Limited at Port Talbot in South Wales.

Tranche A1 was for a commitment of £16,900,000 of which £16,844,800 (2008 £16,844,800) was utilised and Tranche A2 was for a commitment £9,400,000 out of which £9,152,794 (2008 £9,152,794) was utilised. As at 31 December 2009, the amount owing for Tranche A1 was £14,980,200 and £8,145,826 for Tranche A2.

As part of the terms of the facility agreements, the entire share capital and assets, including the freehold and leasehold interests, of Eco2 Projects Limited<sup>[1]</sup>, Clarien Energy (UK) Limited together with Dummies Windfarm Huntly Limited<sup>[2]</sup>, Western Bio-Energy Limited<sup>[2]</sup> and Western Bio-Energy (Fuels) Limited<sup>[2]</sup> were pledged to the bank as security for the loan. The rate of interest payable on the loans is 1% above LIBOR.

<sup>[1]</sup> Immediate parent undertaking of the company

<sup>[2]</sup> Subsidiary undertaking of the company



**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**12 Share capital**

	2009 £	2008 £
Authorised share capital		
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 00	<u>1</u>	<u>1</u>

**13 Reconciliation of shareholders' funds and movements on reserves**

	Share capital £	Profit & loss account £	Total £
At 31 December 2007 restated	1	(2,358,979)	(2,358,978)
Profit for the year	-	225,677	225,677
At 31 December 2008	1	(2,133,302)	(2,133,301)
Profit for the year	-	1,132,973	1,132,973
At 31 December 2009	<u>1</u>	<u>(1,000,329)</u>	<u>(1,000,328)</u>

**14 Derivatives**

The company purchases interest rate swaps to manage interest rate risk volatility and forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair values of the derivatives held at the Balance Sheet date, determined by reference to their market values, are as follows

	2009 £	2008 £
Interest rate swaps asset/(liability)	<u>(1,722,461)</u>	<u>(2,112,430)</u>

**15 Contingent liabilities**

As part of the consideration for the acquisition of Western Bio-Energy Limited, Clarien Energy (UK) Limited issued guaranteed unsecured loan notes totalling £2.5 million. The £2.5 million equals the amount of the adjusted wood fuel savings less accrued interest. The loan notes are redeemable in the years when the wood fuel savings are realised. There were no fuel savings for the year ended 31 December 2009 (2008: £Nil).

Clarien Energy (UK) Limited may have to issue further loan notes as additional consideration for the acquisition of the shares for future fuel savings.

The directors are unable to reliably estimate the total amount of future wood fuel savings and consequently, no provision for any liability has been made in these financial statements.

**CLARIEN ENERGY (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**16 Related party transactions**

By virtue of one or more common directors and common ownership, the company transacted at arms length with the following parties

	Interest income from related party £	Interest expense to related party £	Amount owed by /(owed to) related party at year end £
<i>At 31 December 2009</i>			
Eco2 Projects Ltd	-	2,503,082	(21,428,210)
Dummuies Windfarm Huntly Limited	1,297,749	-	10,991,344
Western Bio-Energy Limited	<u>3,641,289</u>	<u>-</u>	<u>28,376,822</u>
<i>At 31 December 2008</i>			
Eco2 Projects Ltd	-	1,838,091	(19,087,049)
Dummuies Windfarm Huntly Limited	1,181,551	-	11,177,142
Western Bio-Energy Limited	2,682,087	-	29,647,127
Good Energies Asset Fund	<u>-</u>	<u>-</u>	<u>(100)</u>

**17 Ultimate parent undertaking and controlling party**

The immediate parent undertaking at the reporting date is Eco2 Projects Limited, a company registered in England & Wales

The directors regard Good Energies Asset Fund LP, a limited partnership registered in England & Wales, as the company's ultimate parent undertaking and controlling party