

Infinis Capital Limited

Directors' report and financial statements

Registered number 05824433

Year ended 31 March 2013

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Directors' report

The directors (the 'Directors') present their Directors' report and audited financial statements for Infinis Capital Limited (the 'Company') for the year ended 31 March 2013

Principal activities

The principal activity of the Company is that of a holding company

Future developments

No change in activities is anticipated in the future

Results and dividend

The operating profit for the financial year amounted to £588,254,000, (2012 £20,000 loss). The profit for the financial year of £575,482,000 (2012 £30,155,000 loss) will be taken to reserves. During the year a dividend of £59,203,000 was paid to the parent company Infinis Holdings. The Directors do not recommend the payment of a further dividend (2012 £nil). The company received a dividend from Infinis Investments Limited of £745,641,000.

Charitable and political donations

The Company made no political donations or incurred any political expenditure during the financial year (2012 £nil). There were no charitable donations made during the year (2012 £nil).

Directors

The Directors of the Company during the year and up to the date of signing the accounts were as follows:

Lord Birt

A P Chadd Resigned 29 June 2012

G M Edge

E P M Machiels

M D Darragh

G A Boyd Appointed 3 April 2012

M J Kinski

M Eidenschink Resigned 18 December 2012

L D Woods Appointed 29 June 2012

R C Gruescu Appointed 19 April 2012 (C162 Alternate director to L Woods, M Darragh and M Kinski)

S Thiele Appointed 12 February 2013

Directors indemnity and insurance

An associated company has granted an indemnity to certain current Directors under which the associated company will indemnify them, subject to the terms of the deed of indemnity, against any liability or losses or expenses incurred by them in the performance of their duties. These are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

Statement of disclosure of information to auditor


The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (*continued*)

Auditor

In accordance with section 487 of the Companies Act 2006 KPMG LLP (a) was deemed to be reappointed as auditor of the Company for the financial year ended 31 March 2013 at the end of the last period for appointing the auditor and (b) is expected to be deemed to be reappointed as auditor of the Company for the financial year ended 31 March 2014 at the end of the next period for appointing the auditor

On behalf of the board



G A Boyd
Director

500 Pavilion Drive, Northampton Business Park,
Northampton, NN4 7YJ

Statement of Directors' responsibilities in respect of the Directors' report

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 and applicable law (UK Generally Accepted Accounting Practice)

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 year. 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 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 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.

Independent auditor's report to the members of Infinis Capital Limited

We have audited the financial statements of Infinis Capital Limited for the year ended 31 March 2013 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditor

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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.

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



John Luke

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

19 June 2013

Profit and loss account

for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Dividends received		745,641	-
Administrative expenses		(157,387)	(20)
Operating profit/(loss)		588,254	(20)
Interest receivable	5	7,130	4,742
Interest payable	6	(24,082)	(45,407)
Profit/(loss) on ordinary activities before taxation		571,302	(40,685)
Taxation credit on profit/(loss) on ordinary activities	7	4,180	10,530
Profit/(loss) for the financial year	13	575,482	(30,155)

The Company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented

In the current and prior year the results relate to continuing activities

Balance sheet

At 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	8	<u>375,240</u>	<u>532,127</u>
Current assets			
Debtors	9	196,683	133,692
Cash in hand		-	1,758
		<u>196,683</u>	<u>135,450</u>
Creditors' amounts falling due within one year	11	<u>(16,535)</u>	<u>(628,468)</u>
Net current assets/(liabilities)		<u>180,148</u>	<u>(493,018)</u>
Total assets less current liabilities		<u>555,388</u>	<u>39,109</u>
Net assets		<u><u>555,388</u></u>	<u><u>39,109</u></u>
Capital and reserves			
Called up share capital	12	136,405	136,405
Profit and loss account	13	<u>418,983</u>	<u>(97,296)</u>
Equity shareholder's funds	14	<u><u>555,388</u></u>	<u><u>39,109</u></u>

The financial statements were approved by the board of Directors on 4th June 2013 and were signed on its behalf by



G A Boyd
Director

Company registration no. 05824433

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Cash flow statement

The Company is a wholly-owned subsidiary of the group headed by Infinis Holdings (the "Infinis Holdings Group") and is included in the consolidated financial statements of Infinis Holdings. Consequently, in accordance with paragraph 5 (a) of FRS 1 (revised 1996) the Company is not required to publish a cash flow statement

Related party exemption

As the Company is a wholly-owned subsidiary of the Infinis Holdings Group, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Infinis Holdings Group. The consolidated financial statements of Infinis Holdings can be obtained from the address given in note 18

Group accounts

The Company is an intermediate holding company which is wholly-owned by an immediate parent undertaking that is established under the law of a member state of the European Economic Community and therefore is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements

Taxation

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Investments are stated at cost less provision for impairment

Share-based payments

The Company operates long-term incentive plans for key executives under which the amounts receivable are dependent on the value of the Infinis Group. These plans are treated as cash-settled.

For cash-settled share based payment transactions the fair value of the amount payable to the executives is recognised as an expense with a corresponding increase in liabilities. The fair value is measured at grant date and spread over the period during which the executives become unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

Where the terms and conditions of share-based payment transactions are modified before they vest, the increase in fair value, measured immediately before and after the modification, is expensed to the profit and loss account over the remaining vesting period.

Classification of financial instruments by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds are dealt with as appropriations in the reconciliation of movements in equity shareholder's funds.

Notes (continued)

2 Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging		
Impairment of investment	<u>156,887</u>	<u>-</u>

3 Auditor's remuneration

	2013 £'000	2012 £'000
Auditor's remuneration	<u>6</u>	<u>6</u>

Audit fees for the year ended 31 March 2013 are borne by another group company

4 Directors' emoluments and employees

None of the Directors received any remuneration or benefits from the Company during the current or prior year
None of the Directors are employees of the Company nor are they remunerated for their services as a Director of the Company. The Company had no employees during the current or prior year

The directors receive remuneration for services to the Infinis Holdings group, and accordingly their remuneration is disclosed in those consolidated financial statements

5 Interest receivable

	2013 £'000	2012 £'000
Interest receivable from group companies	<u>7,130</u>	<u>4,742</u>

6 Interest payable

	2013 £'000	2012 £'000
Interest payable to group companies	(24,068)	(45,264)
Interest payable on loan notes	<u>(14)</u>	<u>(143)</u>
	<u>(24,082)</u>	<u>(45,407)</u>

Notes (continued)

7 Taxation

	2013 £'000	2012 £'000
United Kingdom corporation tax at 24% (2012 26%)		
Current tax credit on profit/(loss) for the year	(4,458)	(10,541)
Prior year tax credit	(39)	-
Total current tax credit	(4,497)	(10,541)
Analysis of deferred tax		
Origination/reversal of timing differences	269	(37)
Adjustment in respect of prior years	35	(3)
Prior year charge	13	51
Total deferred tax charge	317	11
Total tax credit	(4,180)	(10,530)

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 24% (2012 26%)
The differences are explained below

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before taxation	571,302	(40,685)
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	137,113	(10,578)
Effects of		
Impairment of investments not deductible for tax purposes	37,652	-
Non-taxable group dividend income	(178,953)	-
Other timing differences	(270)	37
Adjustment to tax credit in respect of prior year	(38)	-
Total current tax credit	(4,496)	(10,541)

The 2011 Budget on 23 March 2011 announced a reduction in the main rate of Corporation Tax rate of 28% over a period of 4 years from 1 April 2011. The rate was expected to reduce from 28% to 23% over this period. The first reduction from 28% to 26% was substantively enacted on 29 March 2011 and was reflected in the deferred tax figures used in the Company's 2011 financial statements.

A reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and was reflected in the deferred tax figures used in the Company's 2012 financial statements.

A further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 and this rate change has therefore been reflected in the deferred tax figures of these financial statements.

The March 2013 Budget announced that the main rate of Corporation Tax of 23% will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax rate and reduce the Company's deferred tax balances accordingly.

Notes (continued)

8 Fixed asset investments

	2013 £'000	2012 £'000
At 1 April and 31 March	<u>375,240</u>	<u>532 127</u>

During the year the Company impaired its investment in Infinis Investments Limited following a group simplification exercise which reduced the net assets of Infinis Investments Limited to £161, following the distribution of its reserves to the Company

The Company's principal subsidiary undertakings at 31 March 2013 were

Subsidiary undertakings	Country of incorporation	Principal activity	Classified percentage of shares
Directly held by the Company			
Infinis Energy Holdings Limited	England and Wales	Intermediate holding company	Ordinary 100%
Infinis Investments Limited (in liquidation)	England and Wales	Intermediate holding company	A Ordinary 100% B Ordinary 94.45% Preference 100%
Indirectly held by the Company			
Infinis Finance Limited (in liquidation)	England and Wales	Intermediate holding company	Ordinary 100% Preference 100%
Infinis Acquisitions (in liquidation)	England and Wales	Intermediate holding company	Ordinary 100% Preference 100%
Infinis Energy Limited	England and Wales	Intermediate holding company	Ordinary 100%
Novera Energy Limited	England and Wales	Intermediate holding company	Ordinary 100%
Novera Energy Pty Limited	Australia	Intermediate holding company	Ordinary 100%
Novera Renewable Energy Limited	Bermuda	Intermediate holding company	Ordinary 100%
Novera Energy (Holdings 1) Limited	England and Wales	Renewable energy generation	Ordinary 100%
Novera Energy (Holdings 2) Limited	England and Wales	Intermediate holding company	Ordinary 100%
Novera Energy Generation No. 1 Limited	England and Wales	Intermediate holding company	Ordinary 100%
Mynydd Clogau Windfarm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%
Gengas Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%

Notes (continued)

8 Fixed asset investments (continued)

Subsidiary undertakings	Country of incorporation	Principal Activity	Classified percentage of shares
Aveley Methane Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 50%
Bidston Methane Limited	England and Wales	Generation and sale of	Ordinary 50%
Novera Energy Operating Services Limited	England and Wales	Provision of services to the group	Ordinary 100%
Novera Energy Generation No 2 Limited	England and Wales	Intermediate holding company	Ordinary 100%
Novera Energy Generation No 3 Limited	England and Wales	Intermediate holding company	Ordinary 100%
Blackborough End Energy Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%
Costessey Energy Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%
Mayton Wood Energy Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%
Novera Ventures Limited	England and Wales	Developing renewable energy projects	Ordinary 100%
Novera Wind Energy Limited	England and Wales	Intermediate holding company	Ordinary 100%
Bullamoor Wind Farm Limited	England and Wales	Development of Bullamoor wind farm	Ordinary 100%
A'Chruach Wind Farm Limited	England and Wales	Development of A'Chruach wind farm	Ordinary 100%
Wingates Wind Farm Limited	England and Wales	Development of Wingates wind farm	Ordinary 100%
Gordonstown Hill Wind Farm Limited	England and Wales	Development of Gordonstown Hill wind farm	Ordinary 100%
Hill of Fishrie Wind Farm Limited	England and Wales	Development of Hill of Fishrie wind farm	Ordinary 100%
Sisters Wind Farm Limited	England and Wales	Development of Sisters wind farm	Ordinary 100%
Glenkerie Wind Farm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%
Lissett Airfield Wind Farm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%

Notes (continued)

8 Fixed asset investments (continued)

Subsidiary undertakings	Country of incorporation	Principal Activity	Classified percentage of shares
Infinis Wind Holdings Limited	England and Wales		Ordinary 100%
Ardrossan Wind Farm (Scotland) (Holdings) Limited	England and Wales	Intermediate holding company	Ordinary 100%
Ardrossan Wind Farm (Scotland) Limited	Scotland	Generation and sale of electricity from wind farm	Ordinary 100%
Scottish BioFuel Limited	Scotland	Fuel trading	Ordinary 100%
Scottish BioPower Limited	Scotland	Development company	Ordinary 100%
Infinis Wind (Greengairs) Limited	England and Wales	Wind farm development	Ordinary 100%
Rheidol Wind Farm Limited	England and Wales	Wind farm development	Ordinary 100%
Blackstone Edge Wind Farm Limited	England and Wales	Development of Blackstone Edge wind farm	Ordinary 100%
Tedder Hill Wind Farm Limited	England and Wales	Development of Tedder Hill wind farm	Ordinary 100%
Galawhistle Wind Farm Limited	England and Wales	Development of Galawhistle wind farm	Ordinary 100%
Westfield Wind Farm Limited	England and Wales	Development of Westfield wind farm	Ordinary 100%
Burnhead Wind Farm Limited	England and Wales	Development of Burnhead wind farm	Ordinary 100%
Damside Wind Farm Limited	England and Wales	Development of Damside wind farm	Ordinary 100%
Glentaggart Wind Farm Limited	England and Wales	Development of Glentaggart wind farm	Ordinary 100%
Jupiter Acquisitions (Holdings) Limited	England and Wales	Intermediate holding company	Ordinary 100%
Bruno Wind (Holdings) Limited	England and Wales	Intermediate holding company	Ordinary 100%
Maestro (Holdings) 1 Limited	England and Wales	Intermediate holding company	Ordinary 100%
Maestro (Holdings) 2 Limited	England and Wales	Intermediate holding company	Ordinary 100%
Hill of Fiddes Wind Farm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%
Seamer Wind Farm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%
Infinis Hydro Limited (formerly Cwmorthin Hydro Limited)	England and Wales	Generation and sale of electricity from hydro	Ordinary 100%

Notes (continued)

8 Fixed asset investments (continued)

Subsidiary undertakings	Country of incorporation	Principal Activity	Classified percentage of shares
Infinis Hydro Holdings Limited	England and Wales	Intermediate holding company	Ordinary 100%
Infinis Alternative Energies Limited	England and Wales	Generation and sale of electricity	Ordinary 100%
Musdale Wind Farm Limited	England and Wales	Development of Musdale wind farm	Ordinary 100%
Low Spinney Wind Farm Limited	England and Wales	Generation and sale of electricity from wind farm	Ordinary 100%
Jupiter Acquisitions Limited	England and Wales	Intermediate holding company	Ordinary 100%
Dalswinton Windfarm (Scotland) Limited	Scotland	Generation and sale of electricity from wind farm	Ordinary 100%
Infinis Renewables Generation (GB) Limited	Scotland	Other service activities	Ordinary 100%
Minsca Windfarm (Scotland) Limited	Scotland	Generation and sale of electricity from wind farm	Ordinary 100%
Slieve Divena Wind Farm Limited	Northern Ireland	Generation and sale of electricity from wind farm	Ordinary 100%
Infinis plc	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%
Infinis (Re-Gen) Limited	England and Wales	Generation and sale of electricity from landfill gas	Ordinary 100%
Infinis Energy Services Limited	England and Wales	Provision of services to the group	Ordinary 100%
Infinis China (Investments) Limited	England and Wales	Intermediate holding company	Ordinary 100%
Infinis Energy Hong Kong Limited	Hong Kong	Intermediate holding company	Ordinary 50%
Cold Harbour Wind Farm Limited	England and Wales	Development of Cold Harbour wind farm	Ordinary 100%
Windy Edge Wind Farm Limited	England and Wales	Development of Windy edge wind farm	Ordinary 100%
Melin Court Wind Farm Limited	England and Wales	Development of Melin Court wind farm	Ordinary 100%
Cummings Hill wind farm Limited	England and Wales	Development of Cummings Hill wind farm	Ordinary 100%

Notes (continued)

8 Fixed asset investments (continued)

Subsidiary undertakings	Country of incorporation	Principal Activity	Classified percentage of shares
Duncow Common wind farm Limited	England and Wales	Development of Duncow Common wind farm	Ordinary 100%
Holbeach St Marks Wind Farm Limited	England and Wales	Development of Holbeach wind farm	Ordinary 100%
Wingate Grange Wind Farm Limited	England and Wales	Development of Wingate Grange wind farm	Ordinary 100%
Stony Hill Wind Farm limited	England and Wales	Development of Stony Hill wind farm	Ordinary 100%

9 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	190,758	106,281
Amounts owed by related parties	4	4
Corporation tax debtor	5,626	26,795
Deferred tax asset	295	612
	<u>196,683</u>	<u>133,692</u>

Included within the corporation tax debtor is £5,626,000 which relates to group relief receivable (2012 £26,795,000)

10 Deferred tax asset

	Deferred taxation £'000
At 1 April 2012	612
Charge to the profit and loss for the year	(317)
At 31 March 2013	<u>295</u>

11 Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	15,252	610,831
Accruals and deferred income	500	6
Cash-settled share-based payments	783	783
Loan notes	-	16,848
	<u>16,535</u>	<u>628,468</u>

The loan notes were redeemed on 10 May 2012

Notes (continued)

12 Called up share capital

	2013	2012	2013	2012
	Number	Number	£'000	£'000
Allotted, called up and fully paid				
A Ordinary shares of £0.001 each	900,000	900,000	1	1
B Ordinary shares of £0.001 each	100,000	100,000	-	-
C Ordinary shares of £0.001 each	100,000	100,000	-	-
D Ordinary shares of £0.001 each	100,000	100,000	-	-
E Ordinary shares of £0.001 each	100,000	100,000	-	-
Z Ordinary shares of £0.001 each	100,000	100,000	-	-
A Preference shares of £1 each	120,686,050	120,686,050	120,686	120,686
B Preference shares of £1 each	15,717,476	15,717,476	15,718	15,718
	<u>137,803,526</u>	<u>137,803,526</u>	<u>136,405</u>	<u>136,405</u>

Rights attaching to shares

A Ordinary shares

The A Ordinary shares carry voting rights, are not convertible or redeemable and are entitled to an unlimited return

B, C, D, E and Z Ordinary shares

The B, C, D, E and Z Ordinary shares carry no voting rights and are neither convertible nor redeemable. They carry only a restricted and limited entitlement to a return.

A Preference shares

In relation to any profits which the Company may determine to distribute in respect of any financial year, the A Preference shares are entitled to a first preferential return of 12% per annum of the amount paid on the nominal value of the A Preference share calculated from (and including) the date of issue to (and excluding) the earlier of (i) the reference date and (ii) the date on which the aggregate amount paid by the Company on that A Preference share equals the sum of the nominal value of that share and 12% per annum on the amount paid on the nominal value of that A Preference share from (and including) the date of issue to (and excluding) such date, compounded on each 30 June and 31 December in that period. They carry no voting rights and are neither convertible nor redeemable.

B Preference shares

In relation to any profits which the Company may determine to distribute in respect of any financial year, the B Preference shares are entitled to a second preferential return of 8% per annum of the amount paid on the nominal value of that B Preference share calculated from (and including) the date of issue to (and excluding) the earlier of (i) the reference date and (ii) the date on which the aggregate amount paid by the Company on that B Preference share equals the sum of the nominal value of that share and 8% per annum on the amount paid on the nominal value of that B preference share from (and including) the date of issue to (and excluding) such date, compounded on each 30 June and 31 December in that period. They carry no voting rights and are neither convertible nor redeemable.

The dividends payable on the A and B Preference shares are at the discretion of the Directors of the Company. Therefore the A and B Preference shares are included within share capital.

Notes *(continued)*

13 Reserves

	Profit and loss account £'000
At 1 April 2012	(97,296)
Profit for the financial year	575,482
Dividends paid	(59,203)
At 31 March 2013	<u>418,983</u>

14 Reconciliation of movements in equity shareholder's funds

	2013 £'000	2012 £'000
Opening equity shareholder's funds	39,109	69 264
Profit/(loss) for the financial year	575,482	(30,155)
Dividends paid	(59,203)	-
Closing equity shareholder's funds	<u>555,388</u>	<u>39,109</u>

15 Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the group

Notes (continued)

16 Employee benefits

Share based payments

During 2006 0.01% of the B ordinary shares and 7.5% of the C ordinary shares were issued at a discount to Lord Birt, a director of the Company. The share-based payment included in the profit and loss account of £nil (2012: £nil) is included in operating profit based on the difference between the consideration received and the fair value of the shares issued, spread over the period during which the director becomes unconditionally entitled to the shares. Amounts accrued (note 11) in respect of the scheme is £783,000 (2012: £783,000).

Long-term incentive plans

The Company operates long-term incentive plans for key executives under which the amounts receivable are dependent on the value of the Infinis Holdings Group. These plans are treated as cash-settled.

The fair value of the award has been estimated by the Directors based on the Enterprise Value achieved for the landfill operations, which were sold to FCC, on 28 September 2006, for £1.4 billion, and the expected Enterprise Value of the remaining Infinis Holdings Group based on external valuation advice received.

The Directors have also estimated the expected return term of the plans based on their current expectations as to the likelihood and timing of the sale of Infinis plc.

The total charge included in the profit and loss account in respect of the plans is £nil (2012: £nil).

Notes (continued)

17 Related parties

Terra Firma Investments (GP) 2 Limited acting as a general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II L P – H and TFCP II Co-Investment I L P (“Terra Firma”) has the ability to exercise a controlling influence through the holding of shares in a parent company. The Directors therefore consider Terra Firma to be a related party.

Infinis Holdings has the ability to exercise a controlling influence over the Company and other subsidiary undertakings. Consequently the Directors also consider these subsidiary undertakings to be related parties.

Lord Birt, Director, holds 0.005% of non-voting shares of the Company.

A balance of £nil (2012: £204,000) remains outstanding with Monterey Capital II S a r l, a company incorporated in Luxembourg, which is the immediate parent company of Infinis Holdings.

18 Ultimate controlling and immediate parent undertaking

The Directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate controlling entity. The ultimate controlling party is Guy Hands.

There were no transactions between the Company and Terra Firma Holdings Limited during the year.

Infinis Holdings is the immediate parent company.

The head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Holdings. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton NN4 7YJ.