

Fife Energy Limited
Abbreviated Accounts
For
31st December 2011



Company Registration Number SC137656

CARTERS ACCOUNTANTS LLP

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Fife Energy Limited

Abbreviated Accounts

Year Ended 31st December 2011

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Fife Energy Limited

Abbreviated Balance Sheet

31st December 2011

	Note	2011 £	2010 £
Fixed Assets	4		
Tangible assets		779,114	779,114
Current Assets			
Debtors		19,765	9,898
Cash at bank and in hand		1,677	2,809
		21,442	12,707
Creditors: Amounts Falling due Within One Year		<u>2,974,465</u>	<u>4,413,532</u>
Net Current Liabilities		(2,953,023)	(4,400,825)
Total Assets Less Current Liabilities		<u>(2,173,909)</u>	<u>(3,621,711)</u>
Capital and Reserves			
Called-up equity share capital	5	56,588	56,588
Share premium account		165,488	165,488
Profit and loss account		(2,395,985)	(3,843,787)
Deficit		<u>(2,173,909)</u>	<u>(3,621,711)</u>

The director is satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The director acknowledges his responsibility for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 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 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These abbreviated accounts were approved and signed by the director and authorised for issue on 14.01.12.....



Director - M.H. GRAVES

Company Registration Number: SC137656

The notes on pages 2 to 6 form part of these abbreviated accounts.

Fife Energy Limited

Notes to the Abbreviated Accounts

Year Ended 31st December 2011

1. Fundamental Uncertainty and Going Concern

At the year end, the company had a deficit on its profit and loss account reserve of £2,395,985 and a deficit of £2,173,909.

The Director has confirmed that sufficient funds will be provided to enable the company to discharge its short term liabilities and enable the company to continue over the next 12 months.

It is planned to refurbish existing gasification assets at Westfield, and build additional capacity to produce synthetic gas, and synthetic natural gas from refuse derived fuel and coal. The use of proprietary advanced fuel technology will create an environmentally friendly, integrated gasification combined cycle (AFT-IGCC) power plant at Westfield. The expansion programme will encompass current consents for a 400MW combined cycle gas turbine which will be configured to run on synthesis gas produced on site.

As the world is moving into an era where cleaner, environmentally friendly fuel is much sought after, the director believes that funding for the power plant at Westfield will be forthcoming, enabling the plant to be fully commissioned and to trade profitably in future years.

The company has negotiated to clear the Westfield site security agreement for a one-time payment of \$3,000,000 which is the equivalent of £1,941,748 (@ \$1.545) on or before 30 June 2013. This amount may vary depending on the exchange rate. The site security payment will likely occur in conjunction with current acquisition and new build financings in the works, and therefore the amount included as other loans has been adjusted to reflect this revised amount.

The financial statements for this company have been prepared on the going concern basis on the assumption that:

- The Director will provide working capital to meet the liabilities and on-going expenses of the company.
- Fife Energy Ltd will construct, own and operate Synthetic Fuel and Power facilities at the Westfield Development Centre.

In the absence of on-going support by Global Energy Inc. and obtaining additional funding, the company may be unable to continue trading and adjustments to the value of assets to their recoverable amount and provision of further liabilities would have to be made. The financial statements do not include any adjustments that would be result from the company's inability to meet its liabilities.

2. 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 April 2008).

Fife Energy Limited

Notes to the Abbreviated Accounts

Year Ended 31st December 2011

2. Accounting Policies *(continued)*

Tangible Fixed Assets

Development costs, which the director believes can be matched by future related revenues, are capitalised within assets under development.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line
Equipment	-	25% straight line

No depreciation is provided on assets under development. These assets comprise of a high element of land which is not subject to depreciation. Depreciation is provided on property when, in the opinion of the director, the estimated residual value becomes less than the carrying value of the asset. The director considers this accounting policy is necessary to show a true and fair view.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

3. Prior Year Adjustment

The prior year adjustment in 2011 (see note 11) relates to an over accrual of administrative expenses in the previous year.

The prior year adjustment in 2010 (see note 11) relates to the restatement of a loan to an agreed one-time payment of \$3,000,000.

Fife Energy Limited

Notes to the Abbreviated Accounts

Year Ended 31st December 2011

4. Fixed Assets

	Tangible Assets £
Cost	
At 1st January 2011 and 31st December 2011	<u>790,204</u>
Depreciation	
At 1st January 2011	<u>11,090</u>
At 31st December 2011	<u>11,090</u>
Net Book Value	
At 31st December 2011	<u>779,114</u>
At 31st December 2010	<u>779,114</u>

Assets under development comprise of land and property at Westfield, Fife, Scotland, which is held under a lease which extends to the year 2117. The cost of the land has not been separately identified from the cost of the buildings, which have not been depreciated, in accordance with the company's accounting policy.

5. Share Capital

Authorised share capital:

	2011 £	2010 £
53,192 Ordinary shares of £1 each	53,192	53,192
33,980,000 Special shares of £0.0001 each	3,398	3,398
	<u>56,590</u>	<u>56,590</u>

Allotted, called up and fully paid:

	2011 No	£	2010 No	£
53,192 Ordinary shares of £1 each	53,192	53,192	53,192	53,192
33,964,997 Special shares of £0.0001 each	33,964,997	3,396	33,964,997	3,396
	<u>34,018,189</u>	<u>56,588</u>	<u>34,018,189</u>	<u>56,588</u>

Fife Energy Limited

Notes to the Abbreviated Accounts

Year Ended 31st December 2011

5. Share Capital *(continued)*

Rights

The holders of the special shares are not entitled to participate in the distribution of any profits other than the profits arising from the options with Fife Electric Limited and Global Environmental Limited.

On a return of assets on liquidation or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be distributed as follows:

- in paying or assigning the relevant sum to the holders of the special shares
- and thereafter, any such surplus assets shall be distributed among the holders of the ordinary shares.

The relevant sum shall mean:

- if at the date on which the said return on assets is made by the company (or, if the said return is made in more than one payment, the last date) (the "return date") the holders of the special shares shall have received both the Fife Electric payment and the Global Environmental payment, the sum of £1,000;
- if at the return date the Fife Electric payment but not the Global Environmental payment shall have been received by the holders of the special shares, a distribution in specie of a right to participate in 28% of the Global Environmental payment;
- if at the return date the Global Environmental payment but not the Fife Electric payment shall have been received by the holders of the special shares, a distribution in specie of a right to participate in 28% of the Fife Electric payment;
- if at the return date neither the Fife Electric payment nor the Global Environmental payment shall have been received by the holders of the special shares, a distribution in specie of a right to participate in 28% of both such payments.

On receipt by the company of the payment from Fife Electric under the option, 28% of this receipt, after deduction of reasonable expenses and taxation, shall, without the need for any declaration by the directors or any resolution of the company, be distributed by way of dividend among the holders of the special shares.

On receipt by the company of the payment from Global Environmental under the option, 28% of this receipt, after deduction of reasonable expenses and taxation, shall, without the need for any declaration by the directors or any resolution of the company, be distributed by way of dividend among the holders of the special shares.

In the event that, at the date the Fife Electric payment and/or the Global Environmental payment is to be distributed, the company is prohibited from making such a distribution, the following provisions shall apply:

- a) on the date the company shall pay to the holders of the special shares on account of the relevant payment the maximum sum (if any) which can be paid by the company
- b) the company shall pay to the holders of the special shares on account of the balance of the

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Notes to the Abbreviated Accounts

Year Ended 31st December 2011

5. Share Capital *(continued)*

relevant payment for the time being remaining outstanding, and until the relevant payment shall have been paid in full, the maximum sum (if any) which can properly be paid by the company as soon as such sum can lawfully be paid by the company.

Following receipt of either the Fife Electric payment and/or the Global Environmental payment, the company shall pay no dividends to its ordinary shareholders, until such time as the dividends to the special shares have been paid in full.

Voting

Holders of special shares are entitled to receive notice of and to attend and address all general meetings and to receive copies of all circulars sent to holders of shares or debentures in the company and of all resolutions of the company in general meeting but shall not be entitled to vote at any general meeting.

6. Ultimate Parent Company

At the year end, the company's ultimate holding company was Global Energy Europe Limited, a company incorporated in England.