

**Fife Energy Limited**  
**Abbreviated Accounts**  
**For**  
**31st December 2009**

**Company Registration Number 137656**



**CARTERS ACCOUNTANTS LLP**  
Chartered Accountants & Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

# **Fife Energy Limited**

## **Abbreviated Accounts**

**Year Ended 31st December 2009**

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# **Fife Energy Limited**

## **Independent Auditor's Report to Fife Energy Limited**

### **UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts, together with the financial statements of Fife Energy Limited for the year ended 31st December 2009 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Director and Auditor**

The director is responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

#### **Basis of Opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

# Fife Energy Limited

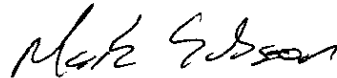
## Independent Auditor's Report to Fife Energy Limited *(continued)*

### UNDER SECTION 449 OF THE COMPANIES ACT 2006

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#### Other Information

On 21/01/11 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 396 of the Companies Act 2006 for the year ended 31st December 2009, and the full text of the company audit report is reproduced on pages 3 to 5 of these financial statements.



MARK GIBSON (Senior Statutory Auditor)  
For and on behalf of

CARTERS ACCOUNTANTS LLP  
Chartered Accountants  
& Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

21/01/11

# **Fife Energy Limited**

## **Independent Auditor's Report to the Shareholders of Fife Energy Limited**

**Year Ended 31st December 2009**

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We have audited the financial statements of Fife Energy Limited for the year ended 31st December 2009. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Director and Auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is 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). 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**

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 director; and the overall presentation of the financial statements.

# **Fife Energy Limited**

## **Independent Auditor's Report to the Shareholders of Fife Energy Limited** (continued)

**Year Ended 31st December 2009**

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### **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 31st December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As at 31 December 2009 the company had net liabilities of £14,238,741 and is currently relying on financial support from Global energy Inc., the ultimate parent company at the year end. Additional funding will be required to allow the company's operating plant to be fully commissioned and enable the company to commence the production of synthetic gas and synthetic natural gas. This situation together with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on Other Matters Prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Fife Energy Limited

## Independent Auditor's Report to the Shareholders of Fife Energy Limited (continued)

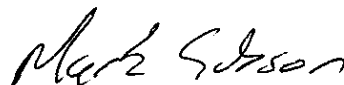
Year Ended 31st December 2009

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### 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime.



MARK GIBSON (Senior Statutory Auditor)  
For and on behalf of

CARTERS ACCOUNTANTS LLP  
Chartered Accountants  
& Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

Our audit was completed on 21/01/11 and our opinion was expressed at that date.

# Fife Energy Limited


## Abbreviated Balance Sheet

31st December 2009

	Note	2009 £	2008 £
<b>Fixed Assets</b>	<b>3</b>		
Tangible assets		779,137	780,153
<b>Current Assets</b>			
Debtors		13,261	28,119
Cash at bank and in hand		1,311	4,055
		14,572	32,174
<b>Creditors: Amounts Falling due Within One Year</b>	<b>4</b>	15,032,450	13,986,711
<b>Net Current Liabilities</b>		(15,017,878)	(13,954,537)
<b>Total Assets Less Current Liabilities</b>		(14,238,741)	(13,174,384)
<b>Capital and Reserves</b>			
Called-up equity share capital	<b>5</b>	56,588	56,588
Share premium account		165,488	165,488
Profit and loss account		(14,460,817)	(13,396,460)
<b>Deficit</b>		(14,238,741)	(13,174,384)

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 14/1/11



H H Graves  
Director

Company Registration Number: 137656

The notes on pages 7 to 12 form part of these abbreviated accounts.



# **Fife Energy Limited**

## **Notes to the Abbreviated Accounts**

**Year Ended 31st December 2009**

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### **1. Fundamental Uncertainty and Going Concern**

At the year end, the company had a deficit on its profit and loss account of £14,460,817 and net liabilities of £14,238,741.

Global Energy Inc, the ultimate parent company at the year end, has confirmed that it intends to provide sufficient funds 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 entered into an option agreement with its major creditor, whereby payment of \$3,000,000 before the earlier of 30 June 2013 or 120 days following the provision of financing for the refurbishment of the company's existing gasification assets and the construction of an integrated combined cycle synthetic gas-fired power plant on its Westfield site, would release the company from its obligation to pay the full liability included in the accounts at a value of £12,819,834 as at 31 December 2009.

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

- Global Energy Inc., will provide working capital to meet the liabilities and ongoing expenses of the company.
- Fife Energy Ltd will contract, own and operate AFT-IGCC facilities at Westfield.

In the absence of ongoing 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.

# **Fife Energy Limited**

## **Notes to the Abbreviated Accounts**

**Year Ended 31st December 2009**

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### **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).

#### **Group Accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company is included in the consolidated accounts of Global Energy Inc, its ultimate parent company, a company registered in the United States of America. The company has therefore taken advantage of the exemptions provided by section 400 of the Companies Act 2006 not to prepare group accounts.

#### **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.

# Fife Energy Limited

## Notes to the Abbreviated Accounts

Year Ended 31st December 2009

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### 3. Fixed Assets

	Tangible Assets £
<b>Cost</b>	
At 1st January 2009 and 31st December 2009	<u>790,204</u>
<b>Depreciation</b>	
At 1st January 2009	10,051
Charge for year	1,016
At 31st December 2009	<u>11,067</u>
<b>Net Book Value</b>	
At 31st December 2009	<u>779,137</u>
At 31st December 2008	<u>780,153</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.

### 4. Creditors: Amounts Falling due Within One Year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2009 £	2008 £
Promissory note and interest	<u>12,819,834</u>	<u>12,053,668</u>

# Fife Energy Limited

## Notes to the Abbreviated Accounts

Year Ended 31st December 2009

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### 5. Share Capital

#### Authorised share capital:

	2009	2008
	£	£
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:

	2009		2008	
	No	£	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 2009

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### 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

# **Fife Energy Limited**

## **Notes to the Abbreviated Accounts**

**Year Ended 31st December 2009**

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### **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 Inc, a company incorporated in the United States of America.

Consolidated financial statements are prepared for Global Energy Inc and its subsidiaries.

On 17th February 2010, the parent company disposed of its shares in a subsidiary company to the director H H Graves. The effect is that H H Graves is the ultimate controlling party and Global Energy Inc is no longer the ultimate holding company.