



energy for tomorrow's generation

## **EPR Glanford Limited**

### **Report and financial statements**

for the year ended 31 March 2011

Registered number 02547498

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## Directors and advisers

### Directors

E J Wilkinson

D P Tilstone

### Secretary

Everssecretary Limited

Eversheds House

70 Great Bridgewater Street

Manchester

M1 5ES

### Independent auditors

PricewaterhouseCoopers LLP

Chartered Auditors and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

### Bankers

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

### Registered office

6 Deben Mill Business Centre

Old Maltings Approach

Woodbridge

Suffolk

IP12 1BL

## **Directors' report for the year ended 31 March 2011**

The directors present their report and the audited financial statements for the company for the year ended 31 March 2011

### **Principal activities**

The company's principal activity is to own, operate and maintain a 13.5MW electricity power station at Flixborough, North Lincolnshire. The power station is fuelled by the combustion of meat and bone meal, "MBM".

### **Business review and future developments**

The results of the company for the year and financial position at the year end were satisfactory.

Glanford Power Station and its operational team again performed extremely well, demonstrating excellent reliability and consistent output and delivering over 100 GWhs in the year.

Whilst contracts are in place for the majority of fuel requirements for 2011/12, the availability of robust contracts for commercial MBM remains an ongoing concern. This was highlighted during 2010/11 when on 25 July the operation of the EPR Glanford Limited's most significant fuel supplier (A Hughes & Sons (Skellingthorpe) Limited ("Hughes")) was destroyed by fire. Hughes recommenced operations in November 2010 and fuel requirements were met at all times, but during this period there was a significant shift in the value attributed to MBM by suppliers, with payments being required rather than small gate fees.

A project has been commissioned to allow additional biomass fuels to be used at Glanford Power Station in order to mitigate the price and volume risk relating to MBM as the primary fuel source. It is anticipated that technical changes will be undertaken during the summer of 2012.

The plant is on a long term Power Purchase Agreement the price under contract is linked to the market price for brown electricity and Renewable Obligation Certificates (ROCs). The current market price and outlook for brown electricity and ROCs remains positive.

The directors anticipate that sales volumes in 2011 will be maintained in line with the current year and the company will continue to achieve satisfactory trading results.

### **Results and dividends**

The results of the company show an operating profit of £3,715,957 (2010: £4,080,212) and a profit for the financial year of £2,734,116 (2010: £2,844,001).

The directors do not recommend the payment of an ordinary dividend.

### **Directors**

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

E J Wilkinson  
D P Tilstone

## **Directors' report for the year ended 31 March 2011**

### **Directors' third-party indemnity provision**

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year.

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of MEIF Renewable Energy (Holdings) Limited, which does not form part of this report.

### **Key performance indicators**

The directors of MEIF Renewable Energy (Holdings) Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of EPR Glanford Limited. The development, performance and position of MEIF Renewable Energy (Holdings) Limited, which includes this company, is discussed in the group's annual report which does not form part of this report.

### **Financial risk management**

The company's operations expose it to limited financial risks that include price risk and liquidity risk.

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### *Price Risk*

The company is exposed to commodity price risk relating to electricity as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to these price risks exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Liquidity risk*

The company maintains cash balances and has access to short-term finance so as to ensure the company has sufficient available funds for operations.

### **Market value of interests in land**

In the opinion of its directors the land interests held by the company has an open market value in excess of the net book value.

## **Directors' report for the year ended 31 March 2011**

### **Statement of directors' responsibilities**

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 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 judgements and accounting 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,
- 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 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.

### **Statement of disclosure of information to auditors**

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

In accordance with section 487(2) of the Companies Act 2006 the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed.

**By order of the board**



**E J Wilkinson**  
**Director**

**5 July 2011**

## **Independent auditors' report**

### **to the members of EPR Glanford Limited**

We have audited the financial statements of EPR Glanford Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 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 2011 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 prepared in accordance with the requirements of the 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 members of EPR Glanford Limited**

### **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



**Nicholas Stevenson (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

**5 July 2011**

## Profit and loss account

for the year ended 31 March 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	10,093,958	10,167,985
Cost of sales		(2,097,911)	(1,394,602)
<b>Gross profit</b>		<u>7,996,047</u>	<u>8,773,383</u>
Administrative expenses		(4,280,090)	(4,693,171)
<b>Operating profit</b>	3	<u>3,715,957</u>	<u>4,080,212</u>
Interest receivable and similar income		279,218	57
Interest payable and similar charges	5	(130,000)	(130,000)
<b>Profit on ordinary activities before taxation</b>		<u>3,865,175</u>	<u>3,950,269</u>
Tax on profit on ordinary activities	6	(1,131,059)	(1,106,268)
<b>Profit for the financial year</b>	13	<u><u>2,734,116</u></u>	<u><u>2,844,001</u></u>

All items dealt with in the profit and loss account above relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared



# Balance Sheet

as at 31 March 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	7	2,068,662	2,395,033
<b>Current assets</b>			
Stocks	8	729,831	477,042
Debtors	9	15,665,083	11,778,140
Cash at bank and in hand		65,698	68,878
		16,460,612	12,324,060
<b>Creditors</b> amounts falling due within one year	10	(3,218,939)	(2,055,285)
<b>Net current assets</b>		13,241,673	10,268,775
<b>Total assets less current liabilities</b>		15,310,336	12,663,808
<b>Provisions for liabilities and charges</b>	11	(71,540)	(159,128)
<b>Net assets</b>		15,238,796	12,504,680
<b>Capital and reserves</b>			
Called up share capital	12	112,720	112,720
Profit and loss account	13	13,738,676	11,004,560
Capital redemption reserve	13	1,387,400	1,387,400
<b>Total shareholders' funds</b>	14	15,238,796	12,504,680

The financial statements on pages 7 to 16 were approved by the board of directors on 5 July 2011 and were signed on its behalf by



**D P Tilstone**  
Director

Registered number 02547498

## Notes to the financial statements

for the year ended 31 March 2011

### 1. Accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. A summary of the more important accounting policies, which have been applied consistently, are set out below.

#### **Cash flow statement**

The directors have taken advantage of the exemption in FRS 1, "Cash flow statements (revised 1996)", from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### **Turnover**

Amounts disclosed as turnover are net of trade allowances, duties and taxes paid. Turnover generated from the biomass fuelled power station is recognised where there is a signed unconditional contract of sale and electricity is generated at the contracted rate on the date of generation, except where that rate cannot be determined with reasonable accuracy in which case it is recognised when the rate can be determined with reasonable certainty. Turnover generated from gate fees is recognised on receipt of the material.

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

The cost of fixed assets is depreciated over the expected economic lives of the assets as follows:

Freehold land	- nil
Power station – buildings and plant	- see below
Other equipment	- 20% per annum straight line

The cost of the power station is depreciated over its economic life of twenty years at rates estimated to reduce its residual value to nil at the end of that period. The rates used vary from 2.14% to 12.84% per annum straight line, reflecting the anticipated economic and operating profile of the assets over their useful economic lives.

Modifications made to the plant are depreciated on a straight line basis over the remaining useful economic life of these modifications, commencing when the modifications are brought into use.

#### **Capitalisation of interest**

Costs of financing the construction of the power station prior to its being brought into use are included in the cost of the power station.

#### **Impairment**

The carrying value of the company's assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

## Notes to the financial statements

for the year ended 31 March 2011

### 1. Accounting policies (continued)

#### *Deferred tax*

Deferred tax 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 a right to pay less or to receive more, tax, with the following exception

- 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 periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

#### *Group relief*

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the year in which the losses are surrendered, as are charges in respect of tax losses claimed from group companies

#### *Pensions*

The group operates a defined contribution personal pension scheme for certain qualifying employees. Employee contributions of varying amounts together with employer contributions of between 5.0% and 7.5% are paid monthly to the scheme providers. Pension costs are recognised in the profit and loss account on an accruals basis.

#### *Operating lease agreements*

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

#### *Financial instruments*

As the company has not elected to adopt FRS 26, "Financial Instruments: Measurement", it is entitled to, and has claimed exemption from, the disclosure requirements of FRS 29, "Financial Instruments". Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

#### *Trade debtors*

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

#### *Trade creditors*

Trade creditors are not interest bearing and are stated at their nominal value.

#### *Financial liabilities*

Financial liabilities instruments are classified according to the substance of the contractual arrangements entered into.

#### *Equity interests*

An equity interest is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

## Notes to the financial statements

for the year ended 31 March 2011

### 2. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax

### 3. Operating profit

Operating profit is stated after charging the following

	<i>2011</i>	<i>2010</i>
	<b>£</b>	<b>£</b>
Depreciation of fixed assets	<b>642,288</b>	1,050,259
Auditors' remuneration – for audit services	<b>14,350</b>	13,900
Operating lease rentals - plant and machinery	<b>32,240</b>	35,118
- land and buildings	<b>107,750</b>	107,750
	<u><b>996,628</b></u>	<u>1,207,027</u>

Head office and administration services were provided by Energy Power Resources Limited throughout the year for a fixed monthly fee. The total sum charged by Energy Power Resources Limited in respect of such services in the year ended 31 March 2011 was £787,775 (2010: £787,772)

### 4. Employee information

	<i>2011</i>	<i>2010</i>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>848,163</b>	795,967
Social security costs	<b>89,510</b>	88,983
Other pension costs (defined contribution payment)	<b>37,866</b>	43,891
	<u><b>975,539</b></u>	<u>928,841</u>

The average monthly number of persons employed by the company during the year are

	<i>2011</i>	<i>2010</i>
	<b>Number</b>	<b>Number</b>
Production	<u><b>21</b></u>	<u>20</u>

The company paid no remuneration or wages to directors during the year

### 5. Interest payable and similar charges

	<i>2011</i>	<i>2010</i>
	<b>£</b>	<b>£</b>
Intercompany loan interest payable	<u><b>130,000</b></u>	<u>130,000</u>

## Notes to the financial statements

for the year ended 31 March 2011

### 6. Taxation

#### a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
Group relief payable	1,159,291	1,279,760
Adjustments in respect of previous periods	59,356	(58,434)
Total current tax	1,218,647	1,221,326
Deferred tax		
Origination and reversal of timing differences	(76,309)	(173,492)
Adjustments in respect of previous periods	(5,777)	58,434
Impact of rate change	(5,502)	-
Total deferred tax (note 11)	(87,588)	(115,058)
Tax on profit on ordinary activities	1,131,059	1,106,268

#### b) Factors affecting current tax charge for the period

The tax assessed on the profit on ordinary activities for the year differs to the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	3,865,175	3,950,269
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2010 28%)	1,082,249	1,106,075
Effects of		
Depreciation in excess of capital allowances	76,222	173,492
Expenses not deductible for tax purposes	733	193
Other timing differences	87	-
Adjustments in respect of previous periods	59,356	(58,434)
Total current tax	1,218,647	1,221,326

#### c) Factors that may affect future charges

On 1 April 2011 the UK corporation tax rate reduced from 28% to 26%, and will reduce by a further 1% a year over the following three years. These further reductions have not yet been substantively enacted. This rate change will both affect the amount of future cash tax payments to be made by the company and reduce the size of the company's recognised deferred tax liability. The effect of the reduction in rate from 26% on the deferred tax balance has not been quantified as it is not considered to be material to the financial statements.

## Notes to the financial statements

for the year ended 31 March 2011

### 7. Tangible fixed assets

	<i>Freehold land</i>	<i>Power station</i>	<i>Other equipment</i>	<i>Assets under construction</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 1 April 2010	250,300	31,496,632	321,366	63,166	32,131,464
Additions	-	174,953	3,000	137,964	315,917
Reclassification	-	22,916	-	(22,916)	-
<b>At 31 March 2011</b>	<b>250,300</b>	<b>31,694,501</b>	<b>324,366</b>	<b>178,214</b>	<b>32,447,381</b>
Depreciation					
At 1 April 2010	-	29,415,065	321,366	-	29,736,431
Charge for the year	-	642,088	200	-	642,288
<b>At 31 March 2011</b>	<b>-</b>	<b>30,057,153</b>	<b>321,566</b>	<b>-</b>	<b>30,378,719</b>
Net book value					
<b>At 31 March 2011</b>	<b>250,300</b>	<b>1,637,348</b>	<b>2,800</b>	<b>178,214</b>	<b>2,068,662</b>
At 31 March 2010	250,300	2,081,567	-	63,166	2,395,033

Included in the power station cost is interest amounting to £1,205,125, being the cost of financing the construction of the power station prior to its being brought into use

### 8. Stocks

	<i>2011</i>	<i>2010</i>
	£	£
Fuel, spare parts and consumables	<b>729,831</b>	<b>477,042</b>

The replacement cost of stocks does not differ materially from the numbers disclosed above

### 9. Debtors

	<i>2011</i>	<i>2010</i>
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	<b>4,705</b>	<b>171,970</b>
Amounts owed by group undertakings	<b>13,627,557</b>	<b>9,450,000</b>
Prepayments and accrued income	<b>2,032,821</b>	<b>2,156,170</b>
	<b>15,665,083</b>	<b>11,778,140</b>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

## Notes to the financial statements

for the year ended 31 March 2011

### 10. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	340,134	102,193
Amounts owed to group undertakings	2,262,182	1,363,413
Other taxes and social security	250,901	341,784
Accruals and deferred income	365,722	247,895
	<u>3,218,939</u>	<u>2,055,285</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand

### 11. Provision for liabilities and charges

Deferred tax provision

	2011 £	2010 £
Accelerated capital allowances	73,572	159,128
Other timing differences	(2,032)	-
	<u>71,540</u>	<u>159,128</u>
Provision at 1 April 2010	159,128	274,186
Deferred tax credit in profit and loss account for year (note 6(a))	(87,588)	(115,058)
Provision at 31 March 2011	<u>71,540</u>	<u>159,128</u>

Deferred tax has been calculated at 26% (2010 28%)

### 12. Share capital

	2011 £	2010 £
<i>Authorised</i>		
6,501,000 (2009 6,501,000) "O" ordinary shares of £1 each	<u>6,501,000</u>	<u>6,501,000</u>
<i>Allotted, called up and fully paid</i>		
112,720 (2009 112,720) "O" ordinary shares of £1 each	<u>112,720</u>	<u>112,720</u>

## Notes to the financial statements

for the year ended 31 March 2011

### 13. Reserves

	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>
	£	£
At 1 April 2010	1,387,400	11,004,560
Profit for the financial year	-	2,734,116
<b>At 31 March 2011</b>	<b>1,387,400</b>	<b>13,738,676</b>

### 14. Reconciliation of movements in total shareholders' funds

	<i>2011</i>	<i>2010</i>
	£	£
Profit for the financial year	2,734,116	2,844,001
Opening total shareholders' funds	12,504,680	9,660,679
<b>Closing total shareholders' funds</b>	<b>15,238,796</b>	<b>12,504,680</b>

### 15. Operating lease commitments

At 31 March 2011 the company had the following commitments under non-cancellable operating leases expiring as follows

	<i>Land and Buildings</i>		<i>Other</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>
	£	£	£
Between two and five years	-	-	32,240
After five years	107,750	107,750	-
	<b>107,750</b>	<b>107,750</b>	<b>32,240</b>
			<b>35,118</b>

### 16. Pension costs

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 4. Outstanding contributions at 31 March 2011 amounted to £7,817 (2010 £7,505).



## Notes to the financial statements

for the year ended 31 March 2011

### 17. Related party transactions

As a 100% owned indirect subsidiary of Macquarie European Infrastructure Fund LP, the company has taken advantage of the exemption granted by FRS 8, "Related party disclosures", not to disclose transactions with related entities that are part of the group

### 18. Contingent liabilities

At 31 March 2011 the company was guarantor with other group companies, of loans totalling £67,263,251 (2010 £79,926,176), made by the group's bankers

### 19. Ultimate parent company

Fibrowatt Limited is the immediate parent undertaking and Macquarie European Infrastructure Fund LP (an English limited partnership with its registered office at PO Box 60, Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF) is the ultimate parent undertaking

Energy Power Resources Limited is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Macquarie European Infrastructure Fund LP is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above