



energy for tomorrow's generation

## **Fibrowatt Limited**

### **Report and Financial Statements**

for the year ended 31 March 2007

Registered Number 02595814

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## Directors and advisers

### Directors

E J Wilkinson  
D P Tilstone

### Secretary

Eversecretary Limited  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

### Auditors

PricewaterhouseCoopers LLP  
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 2007**

The directors present their report and the audited financial statements for the company for the year ended 31 March 2007

### **Principal activities**

The company's principal activity is the provision of management and administrative services (as holding company) to its subsidiaries which operate three electricity power stations fuelled by chicken litter and other biomass materials and the selling some of the resultant ash as high quality fertiliser

The ultimate holding company of Fibrowatt Limited is MEIF Renewable Energy (Holdings) Limited

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

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

### **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**

Given the straight forward nature of the business, the directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business

### **Results and dividends**

The company's profit for the financial year was £102,394 (2006 £4,290,915)

The directors do not recommend the payment of a dividend

### **Directors**

The directors of the company, who held office during the year, are given below

E J Wilkinson

D P Tilstone (appointed 30 November 2006)

D Owens (resigned 30 November 2006)

### **Financial risk management**

The company's operations expose it to limited financial risk that include price risk, liquidity risk and interest rate 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

## Directors' report for the year ended 31 March 2007

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

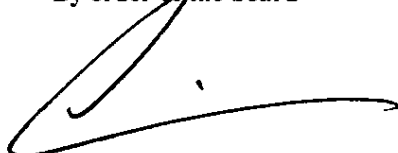
### Statement of disclosure of information to auditors

So far as the directors are 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.

### Auditors

PricewaterhouseCoopers LLP were appointed as auditors by the directors on 30 November 2006. They have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



E J Wilkinson  
Director

15 October 2007

## **Independent auditors' report**

**to the members of Fibrowatt Limited**

We have audited the financial statements of Fibrowatt Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report**

**to the members of Fibrowatt Limited**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**

**15 October 2007**

## Independent auditors' report

to the members of Fibrowatt Limited

	<i>Notes</i>	<b>2007</b> £	<b>2006</b> £
<b>Turnover</b>	2	<b>2,023,558</b>	2,110,122
<b>Gross profit</b>		<b>2,023,558</b>	2,110,122
Administrative expenses		<b>(1,697,841)</b>	(1,747,732)
<b>Operating profit</b>	3	<b>325,717</b>	362,390
Dividends received from subsidiary		-	4,162,600
Interest receivable and similar income	5	<b>20,104</b>	19,722
Interest payable and similar charges	6	<b>(7,473)</b>	(22,392)
<b>Profit for the year before taxation</b>		<b>338,348</b>	4,522,320
Tax on profit on ordinary activities	7	<b>(235,954)</b>	(231,405)
<b>Profit for the financial year</b>	14	<b>102,394</b>	4,290,915

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

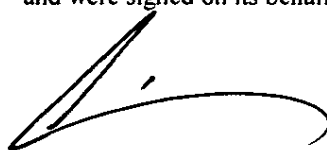
The company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared

## Balance sheet

as at 31 March 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investments	8	3,321,718	3,321,718
<b>Current assets</b>			
Debtors amounts falling due within one year	9	4,844,120	4,258,765
Debtors amounts falling due after more than one year	9	598,687	598,687
Deferred tax assets	7	339,442	573,874
Cash at bank and in hand		196,275	99,622
		5,978,524	5,530,948
<b>Creditors:</b> amounts falling due within one year	10	(1,117,490)	(772,306)
<b>Net current assets</b>		4,861,034	4,758,642
<b>Total assets less current liabilities</b>		8,182,752	8,080,360
<b>Creditors</b> amounts falling due after more than one year	11	(3,923,848)	(3,923,850)
<b>Net assets</b>		4,258,904	4,156,510
<b>Capital and reserves</b>			
Called up share capital	13	130	130
Share premium account	14	3,274,316	3,274,316
Profit and loss account	14	984,458	882,064
<b>Shareholders' funds</b>	15	4,258,904	4,156,510

The financial statements on pages 6 to 14 were approved by the board of directors on 15 October 2007 and were signed on its behalf by



**E J Wilkinson**  
Director

## Notes to the financial statements

for the year ended 31 March 2007

### 1. Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, are set out below.

#### **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:

Other equipment - 20% per annum straight line

#### **Investments**

The company's investments in subsidiary undertakings is stated at cost less, where applicable, amounts written off to reflect the value of underlying net assets of the investment at the balance sheet date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account in which they arise.

#### **Capital instruments**

Equity shares are included in shareholders' funds. Other capital instruments, as defined by Financial Reporting Standard, "FRS" 4, "Capital instruments", are classified as liabilities. Issue costs in respect of capital instruments other than equity shares are allocated over the period of the debt at a constant rate on the outstanding balance of the relevant capital instrument.

#### **Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the lease assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a finance charge which is amortised in order to produce a constant interest rate on the remaining balance of the obligation for each accounting period.

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

#### **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.

#### **Deferred taxation**

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 exceptions:

- 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.

# Notes to the financial statements

for the year ended 31 March 2007

## 1. Accounting policies (continued)

### *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

### *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

### *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 25, "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

## 2. Turnover

Turnover represents the amounts receivable in respect of licence fees and management services provided during the year exclusive of VAT. The contributions of the company's activities to turnover are set out below

	2007	2006
	£	£
By activity		
Management fees	2,023,329	1,904,889
Other fees and receipts	229	205,233
	<u>2,023,558</u>	<u>2,110,122</u>

# Notes to the financial statements

for the year ended 31 March 2007

## 3. Operating profit

This is stated after charging the following

	2007 £	2006 £
Auditors' remuneration – for audit services	2,628	16,486
Depreciation of owned tangible assets	-	28,738
Impairment of investments	-	305,018
	<u>2,628</u>	<u>344,242</u>

## 4. Employee information

	2007 £	2006 £
Wages and salaries	-	598,146
Social security costs	-	74,549
Other pension costs	-	17,360
	<u>-</u>	<u>690,055</u>

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

	2007 Number	2006 Number
Administration and project development	-	15
	<u>-</u>	<u>15</u>

## 5. Interest receivable and similar income

	2007 £	2006 £
Interest receivable from group undertakings	5,073	19,722
Other interest	15,031	-
	<u>20,104</u>	<u>19,722</u>

## 6. Interest payable and similar charges

	2007 £	2006 £
Interest payable to group undertakings	7,473	22,392
	<u>7,473</u>	<u>22,392</u>

## Notes to the financial statements

for the year ended 31 March 2007

### 7. Taxation

#### a) Analysis of charge in period

	2007	2006
	£	£
Current tax		
Group relief payable	1,522	5,917
Adjustments in respect of previous periods	-	11,344
Total current tax charge	<u>1,522</u>	<u>17,261</u>
Deferred tax		
Origination and reversal of timing differences	234,282	214,144
Adjustment in respect of previous period	150	-
	<u>234,432</u>	<u>214,144</u>
Tax on profit on ordinary activities	<u>235,954</u>	<u>231,405</u>

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

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>338,346</u>	<u>4,522,320</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2006 30%)	101,504	1,356,696
Effects of		
Expenses not deductible for tax purposes	134,300	111,755
Depreciation in excess of capital allowances	(4,020)	3,263
Tax losses utilised	(230,262)	(217,017)
Adjustment in respect of previous periods	-	11,344
Non taxable income	-	(1,248,780)
Current tax charge for period	<u>1,522</u>	<u>17,261</u>

#### c) Deferred tax

	2007	2006
	£	£
Depreciation in excess of capital allowances	(12,060)	(16,080)
Tax losses carried forward	(327,382)	(557,794)
	<u>(339,442)</u>	<u>(573,874)</u>

## Notes to the financial statements

for the year ended 31 March 2007

### 7. Taxation (continued)

Brought forward at 1 April 2006	(573,874)	(788,018)
Deferred tax charge in profit and loss account for year	234,432	214,144
Carried forward at 31 March 2007	<u>(339,442)</u>	<u>(573,874)</u>

The deferred tax asset is considered recoverable as the directors believe that increased management fees and reduced overhead costs will enable the company to generate taxable profits in the foreseeable future. Of the total deferred tax asset, £100,000 is expected to be recovered in a period in excess of one year.

### 8. Investments

£

Cost and net book value At 1 April 2006 and 31 March 2007	<u>3,321,718</u>
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The principal subsidiary undertakings, their country of registration or incorporation, the proportion of ordinary shares held at the year end and their principal activities are set out below

<i>Name</i>	<i>%</i>	<i>Country</i>	<i>Principal activities</i>
EPR Eye Limited	100	England	Operation of electricity power station
EPR Glanford Limited	100	England	Operation of electricity power station
EPR Thetford Limited	100	England	Operation of electricity power station
Fibrophos Limited	100	England	Selling ash fertiliser product
Fibromass Limited	100	England	Dormant

All companies have a 31 March year-end

### 9. Debtors

	<i>2007</i>	<i>2006</i>
	£	£
Amounts owed by group undertakings	4,844,037	4,258,380
Other debtors	83	385
	<u>4,844,120</u>	<u>4,258,765</u>
Due after one year		
Amounts owed by group undertakings	598,687	598,687
	<u>5,442,807</u>	<u>4,857,452</u>

Included in amounts due from group undertakings is £3,551,397 (2006 £3,320,835) due from EPR Thetford Limited. These amounts are unsecured, interest free and repayable on demand, however they are unlikely to be paid in the next 12 months.

## Notes to the financial statements

for the year ended 31 March 2007

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

	2007	2006
	£	£
Loans (note 12)	-	300,000
Trade creditors	5,690	17,148
Amounts owed to group undertakings	412,329	156,354
Other taxes and social security costs	14,742	79,103
Other creditors and accruals	684,729	219,701
	<u>1,117,490</u>	<u>772,306</u>

### 11. Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Loan from immediate holding company (note 12)	<u>3,923,848</u>	<u>3,923,850</u>

### 12. Loans

	2007	2006
	£	£
Due within one year (i)	-	300,000
Due after more than one year of the balance sheet date (ii)	<u>3,923,848</u>	<u>3,923,850</u>
	<u>3,923,848</u>	<u>4,223,850</u>

- (i) Shareholders and former shareholders of the immediate holding company provided finance to the company. Interest accrued at 2% above base rate
- (ii) Prior to 31 March 2000, Fibrowatt Group Limited provided funds to the company totalling £5,503,849. These funds are provided interest free. During the previous year £1,580,000 was repaid. Fibrowatt Group Limited has undertaken not to seek further repayment before 31 March 2008.

### 13. Share capital

	2007	2006
	£	£
<i>Authorised</i>		
20,000 ordinary shares of 1p each	<u>200</u>	<u>200</u>
	2007	2006
	£	£
<i>Allotted, called up and fully paid</i>		
13,000 ordinary shares of 1p each	<u>130</u>	<u>130</u>

# Notes to the financial statements

for the year ended 31 March 2007

## 14. Reserves

	<i>Share premium account</i>	<i>Profit and loss account</i>
	£	£
At 1 April 2006	3,274,316	882,064
Profit for the financial year	-	102,394
<b>At 31 March 2007</b>	<b>3,274,316</b>	<b>984,458</b>

## 15. Reconciliation of movements in shareholders' funds

	<i>2007</i>	<i>2006</i>
	£	£
Profit for the financial year	102,394	4,290,915
Opening shareholders' funds	4,156,510	(134,405)
<b>Closing shareholders' funds</b>	<b>4,258,904</b>	<b>4,156,510</b>

## 16. Related party transactions

As a 100% owned subsidiary of Energy Power Resources Limited, 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

## 17. Ultimate parent company

Fibrowatt Group Limited is the immediate parent company and Macquarie European Infrastructure Fund Limited Partnership (a UK registered partnership domiciled in Guernsey) is the ultimate parent company

Energy Power Resources Limited is the holding company of the smallest group of undertakings for which group accounts are drawn up and MEIF Renewable Energy (Holdings) Limited is the holding company of the largest group of undertakings for which group accounts are drawn up. Copies of the group accounts may be obtained from Companies House