



energy for tomorrow's generation

Fibrowatt Group Limited

Report and financial statements

for the year ended 31 March 2010

Registered number 02868498

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COMPANIES HOUSE

Directors and advisers

Directors

E J Wilkinson
D P Tilstone

Secretary

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

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants 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 2010

The directors present their report and the audited financial statements for the company for the year ended 31 March 2010

Principal activities

The company does not trade and its sole activity is the holding of shares in five wholly owned subsidiaries. The group's primary business is the ownership and operation of three electricity power stations fuelled by chicken litter and other biomass materials and the selling some of the resultant ash as high quality fertiliser.

Business review and future developments

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

The directors anticipate that the company will continue to achieve satisfactory results in future periods.

Results and dividends

The company's profit for the financial year was £44,709 (2009 £123,373).

The directors do not recommend the payment of a dividend.

On 1 June 2009 the company's shareholders received notification, through a letter before action and draft particulars of claim, in which a number of allegations were made against a number of potential co-defendants on behalf of an ex-shareholder of the company including breach of a shareholders' agreement. The sum claimed was £12,272,970 plus interest.

Legal advice from Leading Counsel was received by Energy Power Resources Limited (EPRL) which concluded that the potential claim was largely without merit. A letter was sent by EPRL's external advisors, Berwin Leighton Paisner, to the claimant's lawyers on 21 August 2009 informing them of this, and stating that if proceedings were to be issued, we would apply to have them struck out. To date we have not received a response to this letter or a formal claim and we believe that the relevant limitation periods within which a valid claim should be brought have now expired.

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' 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.

Directors' report for the year ended 31 March 2010

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.

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' responsibilities statement

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.

Directors' report for the year ended 31 March 2010

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next meeting of the board of directors

By order of the board



E J Wilkinson
Director

23 September 2010

Independent auditors' report

to the members of Fibrowatt Group Limited

We have audited the financial statements of Fibrowatt Group Limited for the year ended 31 March 2010 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 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 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 2010 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 Fibrowatt Group 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

23 September 2010

Profit and loss account

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Administrative expenses		(7)	(2,015)
Operating loss	3	<u>(7)</u>	<u>(2,015)</u>
Interest receivable and similar income		62,102	173,367
Profit on ordinary activities before taxation		<u>62,095</u>	<u>171,352</u>
Tax on profit on ordinary activities	4	(17,386)	(47,979)
Profit for the financial year	9	<u><u>44,709</u></u>	<u><u>123,373</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 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments – subsidiaries	5	4,584,516	4,584,516
Current assets			
Debtors	6	5,852,935	5,792,747
Cash at bank and in hand		40,162	41,935
		5,893,097	5,834,682
Creditors – amounts falling due within one year	7	(65,969)	(52,263)
Net current assets		5,827,128	5,782,419
Net assets		10,411,644	10,366,935
Capital and reserves			
Called up share capital	8	528,728	528,728
Share premium account	9	9,340,574	9,340,574
Profit and loss account	9	542,342	497,633
Total shareholders' funds	10	10,411,644	10,366,935

The financial statements on pages 7 to 13 were approved by the board of directors on 23 September 2010 and were signed on its behalf by


D P Tilstone
Director

Registered number 02868498

Notes to the financial statements

for the year ended 31 March 2010

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.

Group accounts

The company has taken advantage of the exception available under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the company's ultimate holding company is MEIF Renewable Energy (Holdings) Limited, a company established under UK law that prepares consolidated financial statements.

Cash flow statement

The directors have taken advantage of the exemption in FRS1, "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.

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.

Investments

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

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 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.

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.

Financial liabilities

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

Notes to the financial statements

for the year ended 31 March 2010

1. Accounting policies (continued)

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.

2. Employee information

The company paid no remuneration or wages to its directors and had no other employees during the year.

3. Operating loss

Operating loss is stated after charging the following

	2010 £	2009 £
Auditors' remuneration – audit services	75	885

4. Taxation

a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
Group relief payable	17,386	47,979
Total current tax	17,386	47,979

b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the year does not differ to the standard rate of corporation tax in the UK of 28% (2009: 28%).

c) Factors that may affect future tax charges

Significant timing differences are not anticipated for future periods. Announcements were made after the balance sheet date to changes in tax rates that will have an effect on future tax charges of the company. The change in the corporation tax rate from 28% to 24% reducing by 1% per annum has been announced and substantively enacted. The company has not quantified the impact of this change on the deferred tax balance at this stage.

Notes to the financial statements

for the year ended 31 March 2010

5. Investments

	£
Cost and net book value	
At 1 April 2009 and at 31 March 2010	4,584,516

The subsidiary undertakings, their country of registration or incorporation, the proportion of ordinary shares held, and their principal activities are as set out below

<i>Name</i>	<i>%</i>	<i>Company</i>	<i>Principal activities</i>
Fibrowatt Limited	100	England	Providing management and office services
EPR Glanford Limited	100	England	Operation of electricity power station
EPR Eye 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 of power stations

All companies have a 31 March year-end

6. Debtors

	<i>2010</i>	<i>2009</i>
	£	£
Amounts owed by group undertakings	5,852,935	5,792,747

Amounts due from group undertakings are unsecured, interest free and have no fixed date of repayment

7. Creditors: amounts falling due within one year

	<i>2010</i>	<i>2009</i>
	£	£
Amounts owed to group undertakings	47,979	964
Other taxes and social security costs	17,386	49,890
Accruals and deferred income	604	1,409
	65,969	52,263

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment

Notes to the financial statements

for the year ended 31 March 2010

8. Share capital

	2010 £	2009 £
<i>Authorised</i>		
3,500,000 (2009 3,500,000) ordinary shares of 1p each	35,000	35,000
75,184 (2009 75,184) ordinary shares of £6 651 each	500,049	500,049
	<u>535,049</u>	<u>535,049</u>
	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
2,867,882 (2009 2,867,882) ordinary shares of 1p each	28,679	28,679
75,184 (2009 75,184) ordinary shares of £6 651 each	500,049	500,049
	<u>528,728</u>	<u>528,728</u>

9. Reserves

	Share premium account £	Profit and loss account £
At 1 April 2009	9,340,574	497,633
Profit for the financial year	-	44,709
At 31 March 2010	<u>9,340,574</u>	<u>542,342</u>

10. Reconciliation of movements in total shareholders' funds

	2010 £	2009 £
Profit for the financial year	44,709	123,373
Opening total shareholders' funds	10,366,935	10,243,562
Closing total shareholders' funds	<u>10,411,644</u>	<u>10,366,935</u>

Notes to the financial statements

for the year ended 31 March 2010

11. Related party transactions

As a 100% owned 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

12. Contingent liabilities

At 31 March 2010 the company was guarantor with other group companies, of loans totalling £79,926,176 (2009 £93,838,614), made by the group's bankers

On 1 June 2009 the company's shareholders received notification that it was a party to a claim for £12,272,970 plus interest brought by an ex-shareholder of the company in respect to, inter alia, an alleged breach of a shareholders' agreement. If the claim was successful this could give rise to further claims by other ex-shareholders. The group does not presently have sufficient liquid resources to settle the claim in full. Legal advice from Leading Counsel was received by EPRL which concluded that the potential claim was largely without merit. Further, we believe that the relevant limitation periods within which a valid claim should be brought expired (at the latest) during September 2010. Therefore the directors consider the risk of the group incurring a material loss as a result of this or any associated claim to be remote and therefore no provision has been recognised in these financial statements.

13. Ultimate parent company

Energy Power Resources 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.