energy for tomorrow's generation

EPR Ely Limited

Report and financial statements

for the year ended 31 March 2013

Registered number 03401618

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
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WC2N 6RH

Bankers
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Registered office
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IP12 1BL

Directors' report for the year ended 31 March 2013

The directors present their report and the audited financial statements for the company for the year ended 31 March 2013

Principal activities

The company's principal activity is to operate and maintain a 38 MW electricity power station near Ely in Cambridgeshire, fuelled by the combustion of straw

Business review and future developments

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

Ely Power Station had a solid and improving year generating 233 GWh (2012 208 GWh), slightly above expectations and significantly ahead of the previous year

The station's output in 2012/13 reduced CO_2 emissions by some 83,000 tonnes by displacing the equivalent amount of generation from gas fired plant (based upon the Department of Energy and Climate Change's (DECC) assessment of average emissions)

During the next 12 months DECC is anticipated to introduce legislation which, for solid biomass generators, will link Renewable Obligation Certificate (ROC) entitlement to audited fuel sustainability criteria Given the nature of the fuel used at Ely, being UK and locally sourced from accredited sources, we anticipate full compliance

The plant is under a competitive fixed price long term Power Purchase Agreement for the next few years

The directors anticipate that sales volumes in 2013/14 will be consistent with that of 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 £13,317,086 (2012 £5,183,417) and a profit for the financial year of £12,780,699 (2012 £22,112,105)

During the year the group completed a restructuring process which has resulted in the company being released from its obligation to repay intercompany loans referred to in note 4

During the previous year the directors made the decision to consolidate the asset position within the Group As a result, the Ely Power Station and land was sold to Energy Power Resources Limited and subsequently leased under an operating lease to EPR Ely Limited This resulted in the profit on sale referred to in note 4

The directors do not recommend the payment of a dividend (2012 £nil)

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 2013

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year 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 Ely 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 risk that includes 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 straw and electricity price risk 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

Directors' report for the year ended 31 March 2013

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 prepared 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

On behalf of the board

E J Wilkinson
Director

2 August 2013

Independent auditors' report

To the members of EPR Ely Limited

We have audited the financial statements of EPR Ely Limited for the year ended 31 March 2013 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 and express an opinion on 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 In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2013 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 Ely Lımited (continued)

Matters on which we are requıred to report by exception

We have nothıng to report ın respect of the followıng matters where the Companıes Act 2006 requıres us to report to you ıf, ın our opınıon

- adequate accountıng records have not been kept, or returns adequate for our audıt have not been receıved from branches not vısıted by us, or
- the financıal statements are not ın agreement wıth the accountıng records and returns, or
- certaın dısclosures of dırectors' remuneratıon specıfied by law are not made, or
- we have not receıved all the ınformatıon and explanatıons we requıre for our audıt

Martha Cannon (Senıor Statutory Audıtor)
For and on behalf of PrıcewaterhouseCoopers LLP
Chartered Accountants and Statutory Audıtors
London

2 August 2013

Profit and loss account

for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	**26,033,688**	25,637,998
Cost of sales		**(13,383,200)**	(11,789,478)
Gross profit		**12,650,488**	13,848,520
Exceptional other income	4	**9,857,314**	-
Other operating income		**255,388**	641,119
Administrative expenses		**(9,446,104)**	(9,306,222)
Total administrative income / (expenses)		**666,598**	(8,665,103)
Operating profit	3	**13,317,086**	5,183,417
Profit on disposal of fixed assets	4	**-**	15,955,235
Profit on ordinary activities before interest		**13,317,086**	21,138,652
Interest receivable and similar income	6	**1,592,738**	174,235
Interest payable and similar charges	7	**(1,093,432)**	(1,370,487)
Profit on ordinary activities before taxation		**13,816,392**	19,942,400
Tax on profit on ordinary activities	8	**(1,035,693)**	2,169,705
Profit for the financial year	14	**12,780,699**	22,112,105

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 financial 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 2013

	Note	*2013* £	*2012* £
Fixed assets			
Investments	9	-	-
Current assets			
Stocks	10	**4,418,790**	3,542,340
Debtors amounts falling due within one year	11	**6,063,652**	5,544,490
Debtors amounts falling due after more than one year	11	**45,766,973**	44,174,235
Deferred tax asset	8	**2,349,467**	3,002,903
Cash at bank and in hand		**179,941**	510,561
		58,778,823	56,774,529
Creditors amounts falling due within one year	12	**(31,915,828)**	(42,692,233)
Net current assets		**26,862,995**	14,082,296
Total assets less current liabilities		**26,862,995**	14,082,296
Net assets		**26,862,995**	14,082,296
Capital and reserves			
Called up share capital	13	**1,000,000**	1,000,000
Profit and loss account	14	**25,862,995**	13,082,296
Total shareholders' funds	15	**26,862,995**	14,082,296

The financial statements on pages 7 to 17 were approved by the board of directors on 2 August 2013 and were signed on its behalf by

D P Tilstone
Director

Registered number 03401618

Notes to the financial statements

for the year ended 31 March 2013

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 financial statements

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 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 Financial Reporting Standard, "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 as 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

Other operating income

Amounts disclosed as other income is generated from the receipt of insurance proceeds and recognised in the year in which the income is received

Sale and leaseback

Where a sale and leaseback agreement is classified as an operating lease and the transaction took place at fair value, any excess or deficit of the sale proceeds over the carrying values of the assets sold is recognised in the income statement in the year in which it arises If the sale value is less than fair value any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used

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

Stocks

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

Notes to the financial statements

for the year ended 31 March 2013

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 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

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

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 2013

2. Turnover

Turnover arıses solely from the company's prıncıpal actıvıtıes ın the Unıted Kıngdom, net of value added tax

3. Operatıng profit

Operatıng profit ıs stated after chargıng the followıng

	2013	*2012*
	£	**£**
Audıtors' remuneratıon – audıt servıces	**24,685**	24,154
Depreciatıon of owned fixed assets	**-**	2,735,568
Wrıte back of an ınter-company loan (note 4)	**(9,857,314)**	-
Operatıng lease rentals - plant and machınery	**3,520,000**	293,333
- motor vehıcles	**37,772**	29,203

Energy Power Resources Lımıted provıded head office and admınıstratıon servıces durıng the year for a fixed monthly fee The total sum charged by Energy Power Resources Lımıted ın respect of such servıces was £420,000 (2012 £420,000)

4. Exceptional ıtems/profit on dısposal of fixed assets

On 23 August 2012 an ınter-company loan wıth a fellow group company was released as part of a group re-structure As a result an amount of £9,857,314 was credıted to the profit and loss account

The reported results for the prevıous year ınclude a profit on dısposal of plant and machınery assets of £15,955,235, all of thıs ıs related to the sale and ımmedıate operatıng leaseback of the power statıon operated by the company on 2 March 2012 The gross proceeds were £44,000,000 and the net book value at the tıme of dısposal was £28,044,765

Notes to the financial statements

for the year ended 31 March 2013

5. Employee information

	2013	*2012*
	£	*£*
Wages and salarıes	**1,317,891**	1,148,032
Socıal securıty costs	**142,577**	128,290
Other pensıon costs (defined contrıbutıon payment)	**18,319**	11,530
	1,478,787	1,287,852

The average monthly number of persons employed by the company durıng the year ıs

	2013	*2012*
	Number	*Number*
Productıon	**40**	33

The company paıd no remuneratıon or wages to ıts dırectors durıng the year (2012 £nıl) The emoluments of E J Wılkınson are paıd by the parent company and recharged to the company as part of a management charge Thıs management charge detaıled ın note 3 also ıncludes a recharge of admınıstratıon costs borne by the parent company on behalf of the company and ıt ıs not possıble to ıdentıfy separately the amount of E J Wılkınson's emoluments D P Tılstone does not receıve any payment for hıs servıces to the MEIF Renewable Energy (Holdıngs) group

6. Interest receivable and similar income

	2013	*2012*
	£	*£*
Intercompany loan ınterest receıvable	**1,592,738**	174,235

7. Interest payable and similar charges

	2013	*2012*
	£	*£*
Intercompany loan ınterest payable	**1,093,432**	1,370,487

Notes to the financial statements

for the year ended 31 March 2013

8. Tax on profit on ordinary activities

a) Analysis of charge / (credit) in the year

	2013	2012
	£	£
Current tax		
Group relief payable	**382,257**	45,301
Total current tax	**382,257**	45,301
Deferred tax		
Origination and reversal of timing differences	**568,759**	(2,201,580)
Adjustments in respect of previous periods	**(17,475)**	(263,667)
Impact of change in rate	**102,152**	250,241
Total deferred tax	**653,436**	(2,215,006)
Tax on profit on ordinary activities	**1,035,693**	(2,169,705)

b) Factors affecting current tax for the year

The tax assessed on the profit on ordinary activities for the year differs (2012 differs) to the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013	2012
	£	£
Profit on ordinary activities before taxation	**13,816,391**	19,942,400
Profit on ordinary activities multiplied by the standard rate of corporation tax of 24% (2012 26%)	**3,315,934**	5,185,024
Effect of		
Profit on sale of non-qualifying assets	-	(7,341,955)
Non taxable income	**(2,364,918)**	-
Expenses not deductible for tax purposes	-	651
Depreciation in excess of capital allowances	-	3,872,144
Other timing differences	**54**	52
Utilisation of brought forward tax losses	**(568,813)**	(1,670,615)
Total current tax	**382,257**	45,301

c) Factors that may affect future charges

Announcements were made during the year by the Chancellor of the Exchequer of proposed changes to corporation tax rates which will have an effect on the future tax charge of the company A reduction in the corporation tax rate from 24% to 23% from 1 April 2013 was substantively enacted during the year Subsequent reductions in the tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 were also announced but had not been enacted at the balance sheet date Consequently, deferred tax has been calculated at the year end using a tax rate of 23% The effect of the reduction in rate from 23% to 20% on the deferred tax balance has not been quantified as it is not considered to be material to the financial statements The company has losses of £10,211,893 (2012 £12,509,544) available to offset against future taxable profits

Notes to the financial statements

for the year ended 31 March 2013

8. Tax on profit on ordinary activities (continued)

d) Deferred tax

	2013	*2012*
	£	*£*
Other timing differences	**732**	612
Unutilised losses	**2,348,735**	3,002,291
Net deferred tax asset	**2,349,467**	3,002,903

	2013	*2012*
	£	*£*
At 1 April	**3,002,903**	787,897
Deferred tax charge in profit and loss account	**(670,911)**	2,215,006
Adjustments in respect of prior years	**17,475**	-
At 31 March	**2,349,467**	3,002,903

Deferred tax has been calculated at 23% (2012 24%)

9. Investments

	Subsidiary undertakings
	£
Cost	
At 1 April 2012 and 31 March 2013	**700,926**
Amortisation	
At 1 April 2012 and 31 March 2013	**700,926**
Net book value	
At 1 April 2012 and 31 March 2013	-

The principal subsidiary company at 31 March 2013, which was wholly owned, is set out below

Name of company	*Country of registration*	*Nature of business*	*Class of shares*
Anglian Straw Limited	England	Dormant	£1 ordinary

On 1 April 2008 the trade and assets of Anglian Straw Limited were transferred to EPR Ely Limited , as such the value of this investment is £nil

Notes to the financial statements

for the year ended 31 March 2013

10. Stocks

	2013 £	2012 £
Baled straw	**2,542,487**	2,039,546
Fuel, spare parts and consumables	**1,876,303**	1,502,794
	4,418,790	3,542,340

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

11. Debtors

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	**21,466**	29,890
Amounts owed by group undertakings	**74,804**	160,068
Prepayments and accrued income	**5,967,382**	5,354,532
	6,063,652	5,544,490
Amounts falling due after more than one year		
Loans owed by group undertakings	**45,766,973**	44,174,235
	51,830,625	49,718,725

Amounts owed by group undertakings falling due within one year are unsecured, interest free and have no fixed date of repayment Loans owed by group undertakings falling due after one year relate to the sale and leaseback transaction (see note 4) are unsecured, bear interest at LIBOR plus a margin 2013 2 5% (2012 2 5%), and cannot be repaid until 30 May 2020

12. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	**239,767**	307,824
Amounts owed to group undertakings	**3,776,346**	381,380
Loans owed to group undertakings	**25,622,396**	39,479,709
Taxation and social security	**481,028**	468,086
Accruals and deferred income	**1,796,291**	2,055,234
	31,915,828	42,692,233

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment The intercompany loan is unsecured, bears interest at LIBOR plus a margin 2013 2% (2012 2 5% per annum) and is repayable on demand

Notes to the financial statements

for the year ended 31 March 2013

13 Called up share capital

	2013	*2012*
	£	*£*
Authorised, and fully paid		
1,000,000 (2012 1,000,000) ordinary shares of £1 each	**1,000,000**	1,000,000

14. Profit and loss account

	Profit and loss account
	£
At 1 April 2012	13,082,296
Profit for the financial year	12,780,699
At 31 March 2013	**25,862,995**

15. Reconciliation of movements in total shareholders' funds

	2013	*2012*
	£	*£*
Profit for the financial year	**12,780,699**	22,112,105
Opening shareholders' funds / (deficit)	**14,082,296**	(8,029,809)
Closing shareholders' funds	**26,862,995**	14,082,296

16. Operating lease commitments

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

		2013		*2012*
	Plant and Machinery	***Motor Vehicles***	*Plant and Machinery*	*Motor Vehicles*
	£	*£*	*£*	*£*
Operating leases which expire				
Under one year	-	**15,780**	-	-
Between one and two years	-	**14,736**	-	15,780
Between two and five years	-	**17,218**	-	14,736
After five years	**3,520,000**	-	3,520,000	-
	3,520,000	**47,734**	3,520,000	30,516

Notes to the financial statements

for the year ended 31 March 2013

17. Pension costs

The company contributes to its employees' personal pension schemes The cost for the year is shown in note 5 Outstanding contributions at 31 March 2013 amount to £3,184 (2012 £2,959)

18 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

19. Contingent liabilities

At 31 March 2013 the company was guarantor with other group companies, of loans totalling £44,546,754 (2012 £55,177,628), made by the group's bankers

20. 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 and controlling party

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