

Bellhouse Energy Limited

Directors' report and financial statements

for the year ended 31 December 2002

Registered Number 03466081



Bellhouse Energy Limited
Directors' report and financial statements
for the year ended 31 December 2002

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Bellhouse Energy Limited

Directors and advisors for the year ended 31 December 2002

Directors

R D Holmes
D R Wilson
R E Swanson
D H FitzHerbert (resigned 18 March 2003)
A T West
H H P Wyndham

Secretary

A H Pentecost

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Eversheds
115 Colmore Row
Birmingham
West Midlands
B3 3AL

Registered Office

Units 14 & 15 Queensbrook
Bolton Technology Exchange
Spa Road
Bolton
BL1 4AY

Registered Number

03466081

Bellhouse Energy Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The company is engaged in the business of generating electricity from landfill gas.

Business review

The profit for the year was £243,254 (year ended 31 December 2001: £170,245).

The directors do not recommend the payment of a dividend (year ended 31 December 2001: £nil).

The results and financial position at the year end were satisfactory and the directors expect the current level of business to be maintained in the foreseeable future.

Directors and their interests

The directors who held office during the year are given below:

R D Holmes
D R Wilson
R E Swanson
D H FitzHerbert (resigned 18 March 2003)
A T West
H H P Wyndham

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The interests of the directors who held office at the end of the financial year in shares of other group companies are disclosed in the directors' report of the intermediate holding company CLPE Holdings Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure 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.

Bellhouse Energy Limited

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the Directors appointed PricewaterhouseCoopers LLP. A resolution concerning their reappointment will be proposed at the next Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'D R Wilson', with a long horizontal stroke extending to the right.

D R Wilson
Director

17 OCT 2003

Bellhouse Energy Limited

Independent auditors' report to the members of Bellhouse Energy Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

17 October 2003

Bellhouse Energy Limited

Profit and loss account for the year ended 31 December 2002

Continuing	Notes	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Turnover		840,259	810,005
Cost of sales		(398,126)	(449,459)
Gross profit		442,133	360,546
Administrative expenses		(12,979)	(15,619)
Operating profit		429,154	344,927
Interest payable and similar charges	4	(74,430)	(99,576)
Profit on ordinary activities before taxation	1	354,724	245,351
Taxation	5	(111,470)	(75,106)
Profit on ordinary activities after taxation		243,254	170,245
Retained profit brought forward		426,418	256,173
Retained profit carried forward		669,672	426,418

The company had no recognised gains or losses in the current year other than those passing through the profit and loss account.

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

Bellhouse Energy Limited

Balance sheet as at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	6	1,298,661	1,415,322
Current assets			
Debtors	7	1,086,615	635,675
Creditors: amounts falling due within one year	8	(266,433)	(192,601)
Net current assets		820,182	443,074
Total assets less current liabilities		2,118,843	1,858,396
Creditors: amounts falling due after more than one year	9	(1,276,878)	(1,241,764)
Provisions for liabilities and charges	10	(162,293)	(180,214)
Net assets		679,672	436,418
Capital and reserves			
Called up share capital	11	10,000	10,000
Retained profit		669,672	426,418
Equity shareholders' funds	12	679,672	436,418

The financial statements on pages 5 to 12 were approved by the board of directors on
and were signed on its behalf by:



D R Wilson
Director

17 OCT 2003

Bellhouse Energy Limited

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Finance costs incurred during the development stage of a project are capitalised. Once the project is commissioned, finance costs are amortised over the estimated useful economic life of the asset constructed.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives from commissioning as follows:

Plant and machinery	15 years
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Taxation

Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or statement of total recognised gains and losses) as the pre-tax item.

In accordance with Financial Reporting Standard 19, full provision is made for deferred taxation on a non discounted basis in respect of all timing differences. Deferred tax is calculated at rates at which it is estimated that the tax will arise.

Deferred tax assets are recognised to the extent they are more likely than not to be recovered.

Turnover

Turnover is derived from and recognised when electricity generated is exported to third party customers. All turnover arises solely within the United Kingdom.

Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cash flow statement is included in CLPE Holding's financial statements, which are publicly available.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions with group entities on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of CLPE Holdings are publicly available.

Bellhouse Energy Limited

Notes to the financial statements for the year ended 31 December 2002

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Auditors' remuneration	2,100	2,088
Depreciation of tangible fixed assets	116,661	116,661

2 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company (2001: £nil).

3 Staff numbers and costs

No staff were employed by the company during the year (2001: £nil).

4 Interest payable and similar charges

	2002 £	2001 £
On loan from CLPE 1991 Limited	-	10,764
On loan from CLPE Projects 2 Limited	74,430	88,812
	74,430	99,576

5 Taxation

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
<i>Current tax</i>		
Group relief receivable	142,916	10,202
Adjustments in respect of prior years	(13,525)	-
Total current tax	129,391	10,202
<i>Deferred tax</i>		
Origination and reversal of timing differences	(34,998)	-
Adjustments in respect of prior years	17,077	64,904
Total deferred tax	(17,921)	64,904
Tax on profits on ordinary activities	111,470	75,106

Bellhouse Energy Limited

5 Taxation (cont.)

The tax for the period is higher (2001 - higher) than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	£	£
Profit on ordinary activities before tax	354,724	245,351
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	106,417	73,605
Effects of:		
Capital allowances for the year in excess of depreciation	-	(64,904)
Depreciation for the year in excess of capital allowances	17,921	-
Adjustments to tax in respect of prior years	3,552	-
Expenses not deductible for tax purposes	1,501	1,501
	129,391	10,202

Factors that may affect future tax charges

The company does not anticipate any factors that will have a significant effect on future tax charges.

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 31 December 2002 and 31 December 2001	1,749,908
Depreciation	
At 31 December 2001	334,586
Charge for the year	116,661
At 31 December 2002	451,247
Net book value	
At 31 December 2002	1,298,661
At 31 December 2001	1,415,322

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7 Debtors

	2002 £	2001 £
Trade debtors	99,824	80,083
Amounts due from CLPE Projects 2 Limited	911,582	469,609
Prepayments and accrued income	75,209	85,983
	1,086,615	635,675

8 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts due to CLPE Projects 2 Limited	-	35,114
Trade creditors	17,816	20,973
Amounts due to group undertakings	129,390	10,202
Other taxation and social security	35,622	21,808
Accruals and deferred income	83,605	104,504
	266,433	192,601

9 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Loan from CLPE Projects 2 Limited	1,276,878	1,241,764
Loans can be analysed as falling due:		
In one year or less, or on demand	-	35,114
Between one and two years	80,188	74,314
Between two and five years	296,363	269,421
In five years or more	900,327	898,029
	1,276,878	1,276,878

Interest is payable on the debt at 7.27%.

Bellhouse Energy Limited

10 Provision for liabilities and charges

Deferred taxation

	2002 £	2001 £
Provision for deferred tax comprises:		
Accelerated capital allowances	162,293	180,214
Provision at start of year	180,214	115,310
Deferred tax (credit)/charge in profit and loss account for year	(17,921)	64,904
Provision at end of year	162,293	180,214

11 Called up share capital

	2002 £	2001 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

12 Reconciliation of movement in equity shareholders' funds

	2002 £	2001 £
Retained profit for the financial year	243,254	170,245
Opening equity shareholders' funds	436,418	266,173
Closing equity shareholders' funds	679,672	436,418

13 Commitments and guarantees

There were no capital commitments at the end of the financial year (31 December 2001: £nil).

The company has guaranteed the bank loans of its intermediate parent company, CLPE Projects 2 Limited, and its fellow subsidiaries amounting to £13,575,0775 (2001: £10,551,555) by means of a debenture providing fixed and floating charges over the company's assets.

Bellhouse Energy Limited

14 Ultimate parent and controlling company

The company's ultimate parent company is "The Ridgewood Electric Power Trust V" an entity which is registered in the United States. Ridgewood Energy Holdings Corporation, a company registered and incorporated in the United States is the Corporate Trustee of the Trust. The directors consider that Ridgewood Energy Holdings Corporation is the ultimate controlling party of the company at 31 December 2002.

The company's immediate parent undertaking is CLPE Projects 1 Limited, a company incorporated and registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by CLPE Projects 2 Limited. The largest group in which the results of the company are consolidated is that headed by Ridgewood Power LLC.

The consolidated financial statements of CLPE Holdings Limited are available from 20-22 Queen Street, Mayfair, London, W1J 5PR.

15 Related party transactions

There were no transactions with related parties during 2002.

In the prior year, the company paid £143,949 for operations and maintenance costs to CLP Envirogas Limited and £7,976 in administration costs to CLP Services Limited.

Prior to 16 October 2001, CLP Envirogas Limited was owned 50% by the company's intermediate parent undertaking CLPE Holdings Limited (formerly Ridgewood UK Limited), the other 50% being held by the parent company of CLP Services Limited.