

2005/06

# **First Renewables Limited**

## **Report and Financial Statements**

Year ended 31 March 2004

 **ERNST & YOUNG**



# First Renewables Limited

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Registered No: 3715615

## **Directors**

P Anthony  
M D Chilton  
D A McDonald (resigned 4 May 2003)

## **Secretary**

Eversecretary Limited (appointed 22 July 2003)  
C M McInnes (resigned 22 July 2003)

## **Auditors**

Ernst & Young LLP  
One Bridwell Street  
Bristol  
BS1 2AA

## **Bankers**

National Westminster Bank Plc  
Leeds City Office  
8 Park Row  
Leeds  
LS1 1QS

## **Registered office**

Kinnaird House  
1 Pall Mall East  
London  
SW1Y 5AU

## Director's Report

The directors submit their report and financial statements for the year ended 31 March 2004.

### Results and dividends

The profit for the year, after taxation, amounted to £896,802 (2003: £98,865). The directors do not recommend the payment of any dividends. Preference dividends were not paid nor are proposed (2003: £nil).

### Principal activity and review of the business

The company's principal activity during the year continued to be that of an intermediate holding company.

### Directors and their interests

The directors at 31 March 2004 and changes since the year end are listed on page 1.

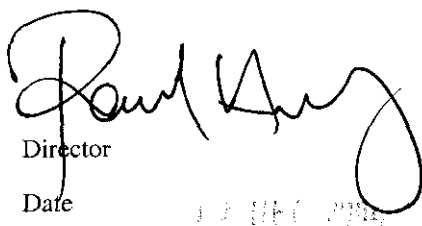
None of the directors had any beneficial interest in the share capital of the company at any time during the year ended 31 March 2004.

M D Chilton has interests in the company's ultimate parent undertaking, Energy Power Resources Limited, which are disclosed in the financial statements of that company.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to members at the Annual General Meeting

By order of the Board

  
Director  
Date 17 March 2004

## **Statement of directors' responsibilities in respect of the financial statements**

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 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; and
- 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 which 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.

## **Independent auditors' report**

**To the members of First Renewables Limited.**

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 United Kingdom 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 as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Bristol

Date **20 DEC 2004**

## Profit and loss account

For the year ended 31 March 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	2	91,737	70,095
Administrative expenses		(351,163)	298,996
Other operating income		-	(135,004)
<b>Operating profit/(loss)</b>	3	442,900	(93,897)
Income from shares in joint venture	6	450,000	150,000
Interest receivable and similar income	7	20,914	54,222
Interest payable	8	-	(11,460)
		470,914	192,762
<b>Profit on ordinary activities before taxation</b>		913,814	98,865
Tax on profit/(loss) on ordinary activities	9	17,012	-
<b>Retained profit for the financial year</b>		896,802	98,865

## Statement of total recognised gains and losses

for the year ended 31 March 2004

There are no recognised gains or losses other than the profit of £896,802 attributable to the shareholders for the year ended 31 March 2004 (2003 – profit of £98,865)

**Balance sheet**

At 31 March 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Investments	11	366,482	52
<b>Current assets</b>			
Debtors	12	1,813,142	1,403,623
Cash at bank		17,703	5,461
		1,830,845	1,409,084
<b>Creditors:</b> amounts falling due within one year	13	145,975	254,586
<b>Net current assets</b>		1,684,870	1,154,498
<b>Total assets less current liabilities</b>		2,051,352	1,154,550
<b>Capital and reserves</b>			
Called up share capital	16	13,992,002	13,992,002
Profit and loss account	17	(11,940,650)	(12,837,452)
Shareholder's funds:			
Equity		(2,275,648)	(3,172,450)
Non-equity	16	4,327,000	4,327,000
	17	2,051,352	1,154,550

By order of the Board

Director

Date

17 DEC 2004

# Notes to the financial statements

for the year ended 31 March 2004

## 1. Accounting policies

### *Accounting convention*

The financial statements are prepared under the historical cost convention.

### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) 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.

### *Fixed assets*

All fixed assets are initially recorded at cost.

### *Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Computer equipment - 3 years

### *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 in the short to medium term 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 substantively enacted at the balance sheet date.

### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## 2. Turnover

Turnover, which is wholly derived in the UK, comprises royalty payments and dividends receivable and excludes value added tax.

## 3. Operating profit/loss

This is stated after charging the following:

	2004 £	2003 £
Auditors' remuneration – audit services	5,000	4,500
Depreciation of owned fixed assets	-	5,707
Write back of provision on loan	(366,430)	-
	<u>          </u>	<u>          </u>



## Notes to the financial statements

for the year ended 31 March 2004

### 4. Staff costs

	2004 £	2003 £
Wages and salaries	-	133,510
Social security costs	-	13,276
Other pension costs	-	3,171
	<u>-</u>	<u>149,957</u>

The monthly average number of employees during the year was as follows:

	2004 No.	2003 No.
Staff	-	4

### 5. Directors' emoluments

	2004 £	2003 £
Emoluments	-	87,132

### 6. Income from shares in joint venture

	2004 £	2003 £
Dividends receivable	450,000	150,000

### 7. Interest receivable and similar income

	2004 £	2003 £
Interest from group companies	20,914	54,222

### 8. Interest payable

	2004 £	2003 £
Bank interest payable	-	11,460
	<u>-</u>	<u>11,460</u>

## Notes to the financial statements

for the year ended 31 March 2004

### 9. Taxation

#### a) Tax on profit on ordinary activities

	2004 £	2003 £
Current tax:		
Group relief payable (recoverable)	27,797	-
Adjustment in respect of previous periods	(10,785)	-
Total current tax (note 9(b))	17,012	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit/(loss) on ordinary activities	17,012	-

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

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £	2003 £
Profit on ordinary activities before taxation	913,814	98,865
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2003 - 30%)	274,144	29,660
Effect of:		
Depreciation in excess of capital allowances	(1,418)	(179)
Unrelieved tax losses	-	10,743
Non taxable income	(244,929)	(39,000)
Adjustments in respect of previous periods	(10,785)	-
Other	-	(1,224)
Total current tax (note 9(a))	17,012	-

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

The company has unrelieved tax losses arising in the UK of £Nil (2003 - £36,000) which are available for offset against future taxable profits. In accordance with FRS19 no deferred tax asset has been recognised in relation to these losses as their recoverability cannot be predicted with any degree of certainty.

## Notes to the financial statements

for the year ended 31 March 2004

### 10. Tangible fixed assets

	<i>Plant and machinery</i>
	£
Cost	
At 1 April 2003	26,698
Disposals	(26,698)
At 31 March 2004	-
Depreciation	
At 1 April 2003	26,698
Disposals during the year	(26,698)
At 31 March 2004	-
Net book value	
At 31 March 2004	-
At 1 April 2003	-

### 11. Investments

	<i>Subsidiary undertakings</i>	<i>Shares in associated undertakings</i>	<i>Loans to associated undertakings</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 2003 & 31 March 2004	854,030	50	366,430	1,220,510
Amounts provided:				
At 1 April 2003	854,028	-	366,430	1,220,458
Amounts written back	-	-	(366,430)	(366,430)
At 31 March 2004	854,028	-	-	854,028
Net book value:				
At 31 March 2004	2	50	366,430	366,482
At 1 April 2003	2	50	-	52

The company owns 100% equity share capital in Renewgen Limited, a dormant company incorporated in Great Britain.

## Notes to the financial statements

for the year ended 31 March 2004

### 12. Debtors

	2004	2003
	£	£
Amounts owed by group undertakings	1,348,361	1,003,843
Amounts owed by companies in which the company has a participating interest	395,542	383,792
Prepayments and accrued income	69,239	15,987
	<u>1,813,142</u>	<u>1,403,623</u>

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

	2004	2003
	£	£
Amounts owed to group undertakings	78,022	178,635
Accruals and deferred income	67,953	75,951
	<u>145,975</u>	<u>254,586</u>

### 14. Pensions

The company operated a defined contribution personal pension scheme for certain qualifying employees. Assets of the scheme are held in an independently administered fund. Employer contributions in the year totalled £nil (£2003 - £135,040). No contributions were outstanding at the year end.

### 15. Related party transactions

The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

### 16. Share capital

	2004	Authorised 2003
	£	£
Ordinary shares of £1 each	10,000,000	10,000,000
Redeemable preference shares of £1 each	4,327,000	4,327,000
	<u>14,357,000</u>	<u>14,327,000</u>

	Allotted, called up and fully paid			
	No.	£	No.	£
Ordinary shares of £1 each	9,665,002	9,665,002	9,665,002	9,665,002
Redeemable preference shares of £1 each	4,327,000	4,327,000	4,327,000	4,327,000
		<u>13,992,002</u>		<u>13,992,002</u>

## Notes to the financial statements

for the year ended 31 March 2004

### 16. Share capital (continued)

On 7 May 2002, the company issued 4,327,000 redeemable preference shares of £1 each. The shares carry the same voting rights as ordinary shares and are redeemable by the shareholder at par up to 1 January 2015. On winding up the company, the preference shares are payable at par in priority to any amount repayable on the existing ordinary shares.

### 17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
As at 1 April 2002	9,665,002	(12,936,317)	(3,271,315)
Profit for the year	-	98,865	98,865
New non-equity share capital subscribed	4,327,000	-	4,327,000
At 31 March 2003	13,992,002	(12,837,452)	1,154,550
Profit for the year	-	896,802	896,802
At 31 March 2004-09-17	13,992,002	(11,940,650)	2,051,352

### 18. Parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Energy Power Resources Limited. The smallest and largest group in which the company is consolidated is that headed by Energy Power Resources Limited. Copies of its financial statements may be obtained from the company's registered office in Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU.