

CLPE Projects 2 Limited

Directors' report and financial statements
for the year ended 31 December 2004

Registered Number 03966429



CLPE Projects 2 Limited
Directors' report and financial statements
for the year ended 31 December 2004

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CLPE Projects 2 Limited

Directors and advisors for the year ended 31 December 2004

Directors

R D Holmes

D R Wilson

A T West

H H P Wyndham

R E Swanson

Secretary

A H Pentecost

Auditors

Cooper Parry LLP

14 Park Row

Nottingham

NG1 6GR

Solicitors

Eversheds

115 Colmore Row

Birmingham

West Midlands

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Registered Office

Units 14 & 15 Queensbrook

Bolton Technology Exchange

Spa Road

Bolton

BL1 4AY

Registered Number

03966429

CLPE Projects 2 Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements for the group and company for the year ended 31 December 2004.

Principal activities

The principal activity of the group and company is power generation from landfill gas.

Results and dividends

The group profit for the year after taxation and before dividends is £1,568,287 (2003: £794,446).

The directors do not recommend the payment of a dividend (2003: £1,620,000 per share).

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.

Intangible assets - power agreements

The directors would like to highlight the Goodwill amount of £3,927,810 (2003: £4,286,637) held on the balance sheet. The Goodwill arises from the excess paid over the fair value of the companies' assets acquired between July 2000 and October 2001, as well as related transaction costs. The directors are of the opinion that the excess paid was for the power purchase agreements (PPA's) that enable the companies to charge a premium price for their exported power over a period of up to 15 years.

Directors and their interests

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

R D Holmes
D R Wilson
A T West
H H P Wyndham
R E Swanson

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the group or 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 group and company and of the profit or loss of the group and 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 group or company will continue in business.

CLPE Projects 2 Limited

Statement of directors' responsibilities (continued)

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 2004 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 group and 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.

Auditors

Following the resignation of PricewaterhouseCoopers LLP, Cooper Parry LLP were appointed as auditors to the company. In accordance with Section 385 of the Companies Act 1985, a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



D R Wilson

Director

Date

18 APR 2005

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

CLPE PROJECTS 2 LIMITED

We have audited the financial statements of CLPE Projects 2 Limited for the year ended 31 December 2004 on pages 5 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies on pages 11 and 12.

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 may state to the company's members those matters we are required to state to them in an auditor's 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 on pages 2 and 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 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 the group and company's affairs as at 31 December 2004 and of the loss of the company and profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

NOTTINGHAM

18 April 2005



COOPER PARRY LLP

Chartered Accountants

Registered Auditors

CLPE Projects 2 Limited

Consolidated profit and loss account for the year ended 31 December 2004

Continuing	Notes	2004 £	2003 £
Group turnover		11,806,757	8,030,373
Cost of sales		(7,341,791)	(4,925,459)
Gross profit		4,464,966	3,104,914
Administrative expenses		(594,215)	(578,190)
Operating profit		3,870,751	2,526,724
Other interest receivable and similar income	5	118,656	61,203
Interest payable and similar charges	6	(2,348,870)	(1,583,949)
Profit on ordinary activities before taxation	1	1,640,537	1,003,978
Taxation	7	(72,250)	(209,532)
Profit on ordinary activities after taxation		1,568,287	794,446
Dividends	8	-	(3,240,000)
Profit/(loss) for the year	18	1,568,287	(2,445,554)
(Accumulated loss)/retained profit brought forward		(856,668)	1,588,886
Retained profit/(accumulated loss) carried forward		711,619	(856,668)

The group 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 profit for the year stated above and their historical cost equivalents.

The notes on pages 10 to 21 form part of these financial statements.

CLPE Projects 2 Limited

Company profit and loss account for the year ended 31 December 2004

Continuing	Notes	2004 £	2003 £
Administrative expenses		(8,670)	(5,845)
Income from shares in group undertakings	4	-	5,025,000
Operating (loss)/profit		(8,670)	5,019,155
Other interest receivable and similar income	5	428,970	358,206
Interest payable and similar charges	6	(1,032,541)	(1,135,440)
(Loss)/profit on ordinary activities before taxation	1	(612,241)	4,241,921
Taxation	7	-	-
(Loss)/profit on ordinary activities after taxation		(612,241)	4,241,921
Dividends	8	-	(3,240,000)
(Loss)/retained profit for the year		(612,241)	1,001,921
Retained profit/(accumulated loss) brought forward		5,843	(996,078)
(Accumulated loss)/retained profit carried forward		(606,398)	5,843

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 loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The notes on pages 10 to 21 form part of these financial statements.

CLPE Projects 2 Limited

Consolidated balance sheet as at 31 December 2003

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	9	3,927,810	4,286,637
Tangible assets	10	21,594,548	16,302,155
		25,522,358	20,588,792
Current assets			
Debtors	12	2,883,816	2,359,284
Current asset investments	13	1,675,725	1,489,706
Cash	13	1,921,855	702,935
		6,481,396	4,551,925
Creditors: amounts falling due within one year	14	(9,415,431)	(9,244,113)
Net current liabilities		(2,934,035)	(4,692,188)
Total assets less current liabilities		22,588,323	15,896,604
Creditors: amounts falling due after more than one year	15	(20,877,689)	(15,826,507)
Provision for liabilities and charges	16	(999,013)	(926,763)
Net assets/(liabilities)		711,621	(856,666)
Capital and reserves			
Called up share capital	17	2	2
Retained profit/(accumulated loss)		711,619	(856,668)
Equity shareholders' funds/(deficit)	18	711,621	(856,666)

The financial statements on pages 5 to 21 were approved by the board of directors on and were signed on its behalf by:



D R Wilson
Director

18 DEC 2003

The notes on pages 10 to 21 form part of these financial statements.

CLPE Projects 2 Limited

Company balance sheet as at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	11	8,130,497	8,130,494
Current assets			
Debtors	12	9,095,709	10,454,930
Current asset investments	13	1,675,725	1,489,706
Cash	13	1,263,579	702,935
		12,035,013	12,647,571
Creditors: amounts falling due within one year	14	(10,117,500)	(9,206,159)
Net current assets		1,917,513	3,441,412
Total assets less current liabilities		10,048,010	11,571,906
Creditors: amounts falling due after more than one year	15	(10,654,406)	(11,566,061)
Net (liabilities)/assets		(606,396)	5,845
Capital and reserves			
Called up share capital	17	2	2
(Accumulated loss)/retained profit		(606,398)	5,843
Equity shareholders' (deficit)/funds	18	(606,396)	5,845

The financial statements on pages 5 to 21 were approved by the board of directors on and were signed on its behalf by:



D R Wilson
Director

18/03/2005

The notes on pages 10 to 21 form part of these financial statements.

CLPE Projects 2 Limited

Consolidated cash flow statement for the year ended 31 December 2004

	Notes	2004 £	2003 £
Net cash inflow from operating activities	a)	5,632,710	4,745,952
Returns on investment and servicing of finance			
Interest received		118,656	61,203
Interest paid		(2,348,870)	(1,583,949)
Net cash outflow from returns on investment and servicing of finance		(2,230,214)	(1,522,746)
Taxation paid		-	(121)
Capital expenditure			
Sale of tangible fixed assets		32,825	42,290
Purchase of tangible fixed assets		(348,765)	(294,924)
Net cash outflow on capital expenditure		(315,940)	(252,634)
Equity dividends paid		-	(3,240,000)
Net cash inflow/(outflow) before use of liquid resources and financing		3,086,556	(269,549)
Management of liquid resources			
Cash deposited in secured bank account		(186,020)	(224,652)
Financing			
Decrease in bank borrowings		(801,668)	(697,143)
Capital element of finance lease repayments		(389,870)	-
Loans advanced by parent company		10,000	1,384,404
Repayment of loans advanced by parent company		(500,079)	-
Net cash (outflow)/inflow from financing		(1,681,617)	687,261
Increase in cash		1,218,919	193,060

The notes on pages 10 to 21 form part of these financial statements.

CLPE Projects 2 Limited

Notes to the consolidated cash flow statement

a) Reconciliation of operating profit to net cash flow from operating activities

	2004 £	2003 £
Operating profit	3,870,751	2,526,724
Depreciation of fixed assets	1,832,656	1,197,703
Amortisation of goodwill	358,827	358,827
Increase in debtors	(555,449)	(252,439)
Increase in creditors	125,925	915,137
	5,632,710	4,745,952

b) Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Increase in cash during the year	1,218,919	193,060
Cash outflow from reduction of debt	1,191,538	697,143
Cash outflow from increase in liquid resources	186,020	224,652
Change in net debt resulting from cash flows	2,596,477	1,114,855
New finance leases	(6,809,109)	(4,448,776)
Net debt at beginning of year	(14,623,863)	(11,289,942)
Net debt at end of year	(18,836,495)	(14,623,863)

c) Analysis of changes in net debt

	At 31 December 2003 £	Cash flow £	Non cash changes £	At 31 December 2004 £
Cash at bank and in hand	702,936	1,218,919	-	1,921,855
Debt due within one year	(801,667)	801,668	(911,655)	(911,654)
Debt due after more than one year	(11,566,061)	-	911,655	(10,654,406)
Finance leases	(4,448,776)	389,870	(6,809,109)	(10,868,015)
Liquid resources	1,489,705	186,020	-	1,675,725
	(14,623,863)	2,596,477	(6,809,109)	(18,836,495)

Liquid resources comprise bank balances, including amounts over which the bank has a charge (note 15)

d) Major non cash transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £6,809,109 (2003: £4,448,776).

CLPE Projects 2 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 group and company's financial statements.

Basis of preparation

The consolidated financial statements incorporate the financial statements of the parent company and subsidiaries prepared in accordance with applicable accounting standards using the historical cost convention. The acquisition method for accounting has been adopted. Under this method the results of subsidiaries acquired are included in the financial statements from the effective date of acquisition.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any permanent impairment that the directors consider necessary.

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.

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 the intermediate holding company, CLPE Holdings Limited, are publicly available.

Turnover

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

Intangible fixed assets and amortisation

Purchased goodwill arises on the acquisition of a business and represents the excess of the fair value of the consideration given over the aggregate of the fair value of the separate net assets acquired. Purchased goodwill is capitalised and stated at cost less accumulated amortisation and provisions for impairment. A review for the potential impairment of goodwill is carried out if events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard 11. Impairments thus arising are recorded in the profit and loss account.

Amortisation is calculated on a straight line basis over a period of 15 years from the date of commissioning of the project, such number of years being the director's estimate of the period over which benefits may reasonably be expected to accrue from the acquisitions.

CLPE Projects 2 Limited

Statement of accounting policies continued

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Finance costs incurred during the development stage of a project are capitalised, along with site preparation costs, installation costs and connection costs. Once the project is commissioned, these costs are amortised over the estimated economic life of the asset constructed.

Depreciation is provided by the company to write off the cost by equal instalments over their estimated useful lives from commissioning as follows:

Development rights	15 years
Plant and machinery	15 years

Finance leases

Assets held under finance lease contracts are capitalised at the fair value of the asset at the inception of the contract with an equivalent liability categorised as appropriate under creditors due within and after more than one year.

The interest element of payments is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of the capital repayments outstanding. Payments in respect of leases solely related to price and production volumes are charged to cost of sales.

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

1 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Depreciation of tangible fixed assets - owned	1,030,787	-	1,000,117	-
Depreciation of tangible fixed assets - leased	801,869	-	197,586	-
Amortisation of intangible fixed assets	358,827	-	358,827	-
Auditors' remuneration	57,500	5,000	39,100	2,500

Fees paid to Cooper Parry LLP for non-audit services in the UK were £nil (2003: £nil).

2 Remuneration of directors

None of the directors received any emoluments in respect of their services to the group or company (2003: £nil).

3 Staff numbers and costs

No staff were employed by the group or company during the year (2003: nil).

4 Income from shares in group undertakings

	2004 Group £	Company £	2003 Group £	Company £
Dividends received from subsidiary undertakings	-	-	-	5,025,000

5 Other interest receivable and similar income

	2004 Group £	Company £	2003 Group £	Company £
Bank interest received	118,656	93,895	61,203	61,203
On loans to subsidiary companies	-	335,075	-	297,003
	118,656	428,970	61,203	358,206

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

6 Interest payable and similar charges

	2004		2003	
	Group £	Company £	Group £	Company £
On bank loans and overdrafts	1,032,541	1,032,541	1,142,094	1,135,440
On finance leases	1,316,329	-	441,855	-
	2,348,870	1,032,541	1,583,949	1,135,440

7 Taxation

	2004 Group £	2003 Group £
Analysis of charge in year		
<i>Current tax</i>		
Corporation tax recoverable at 30% - prior year	-	(59,876)
Group relief recoverable at 30% - prior year	-	(79,760)
	-	(139,636)
<i>Deferred tax</i>		
Deferred tax charge - current year	72,281	349,148
- prior year	(31)	20
Tax on profit on ordinary activities	72,250	209,532

The group tax for the year is lower (2003 - lower) and the company tax for the year is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	£	£	£	£
Profit/(loss) on ordinary activities before tax	1,640,537	(612,241)	1,003,978	4,241,921
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	492,161	(183,672)	301,193	1,272,576
Effects of:				
Adjustments to tax in respect of prior years	-	-	(139,636)	-
Amortisation of goodwill	107,648	-	107,648	-
Capital allowances in excess of depreciation	(54,710)	-	(349,148)	-
Group relief	(517,431)	183,585	(78,324)	234,924
Utilisation of tax losses brought forward	(27,755)	-	-	-
Intercompany dividends	-	-	-	(1,507,500)
Expenses not deductible for tax purposes	87	87	18,631	-
	-	-	(139,636)	-

Factors that may affect future tax charges

The group does not anticipate any factors that will have a significant effect on future tax charges other than group relief that may be available from other group companies.

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

8 Dividends

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
No dividends were paid during the year (2003: £1,620,000 per share)	-	-	3,240,000	3,240,000

9 Intangible fixed assets - Group

	Goodwill £
Cost	
At 1 January 2004 and 31 December 2004	5,397,513
Amortisation	
At 1 January 2004	1,110,876
Charge for year	358,827
At 31 December 2004	1,469,703
Net book value	
At 31 December 2004	3,927,810
At 31 December 2003	4,286,637

The goodwill arising on acquisitions is being amortised on a straight line basis over 15 years.

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

10 Tangible fixed assets - Group

	Plant and machinery £
Cost	
At 1 January 2004	20,168,466
Additions	7,157,874
Disposals	(32,825)
At 31 December 2004	27,293,515
Depreciation	
At 1 January 2004	3,866,311
Charge for year	1,832,656
At 31 December 2004	5,698,967
Net book value	
At 31 December 2004	21,594,548
At 31 December 2003	16,302,155

Included in the cost of plant and machinery as at 31 December 2004 is capitalised interest of £812,151
(31 December 2003 - £58,881)

Assets held under finance leases, capitalised and included in plant and machinery are as follows:

	2004 £	2003 £
Cost	11,396,400	4,553,478
Aggregate depreciation	(1,001,054)	(199,185)
Net book value	10,395,346	4,354,293

There were no tangible fixed assets in the company.

11 Fixed asset investments - Company

	Shares in subsidiary undertakings £
Cost	
At 1 January 2004 and 31 December 2004	8,413,580
Additions in the year	3
At 31 December 2004	8,413,583
Impairment	
At 31 December 2004 and 2003	283,086
Net book value	
At 31 December 2004	8,130,497
At 31 December 2003	8,130,494

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

11 Fixed asset investments (continued)

In the opinion of the directors, the value of the company's interests in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

The undertakings in which the company's interest is greater than 10% are:

Subsidiary undertaking	Principal activity	Percentage of ordinary shares held
CLPE Projects 1 Limited	Holding company	100%*
CLPE ROC - 1 Limited	Generation of electricity from landfill gas	100% *
CLPE ROC - 2 Limited	Generation of electricity from landfill gas	100% *
CLPE ROC - 3 Limited	Generation of electricity from landfill gas	100% *
CLPE ROC - 4 Limited	Generation of electricity from landfill gas	100% *
Auchencarroch Energy Limited	Generation of electricity from landfill gas	100% *
Beighton Energy Limited	Generation of electricity from landfill gas	100% *
Bellhouse Energy Limited	Generation of electricity from landfill gas	100%
Bellhouse Energy 2 Limited	Generation of electricity from landfill gas	100% *
Bolam Energy Limited	Generation of electricity from landfill gas	100% *
Chelson Meadow Energy Limited	Generation of electricity from landfill gas	100%
Colsterworth Energy Limited	Generation of electricity from landfill gas	100% *
Canon Bridge Energy Limited	Generation of electricity from landfill gas	100% *
Cotesbach Energy Limited	Generation of electricity from landfill gas	100% *
Deerplay Energy Limited	Generation of electricity from landfill gas	100% *
Feltwell Energy Limited	Generation of electricity from landfill gas	100% *
Garlaff Energy Limited	Generation of electricity from landfill gas	100% *
Jameson Energy Limited	Generation of electricity from landfill gas	100% *
Kenwick Energy Limited	Generation of electricity from landfill gas	100% *
Kilgarth Energy Limited	Generation of electricity from landfill gas	100% *
Leadenham Energy Limited	Generation of electricity from landfill gas	100% *
March Energy Limited	Generation of electricity from landfill gas	100% *
Queen's Park Road Energy Limited	Generation of electricity from landfill gas	100% *
Rushton Energy Limited	Generation of electricity from landfill gas	100% *
Skelbrooke Energy Limited	Generation of electricity from landfill gas	100% *
Summerston Energy Limited	Generation of electricity from landfill gas	100%
Todhills Energy Limited	Generation of electricity from landfill gas	100% *
United Mines Energy Limited	Generation of electricity from landfill gas	100%
Wetherden Energy Limited	Generation of electricity from landfill gas	100% *
Whinney Hill Energy Limited	Generation of electricity from landfill gas	100%
Whinney Hill Energy 2 Limited	Generation of electricity from landfill gas	100% *
Whisby Energy Limited	Generation of electricity from landfill gas	100% *

* direct holding

The above companies are registered in England and Wales, with the exception of Auchencarroch Energy Limited, Kilgarth Energy Limited, Summerston Energy Limited and Garlaff Energy Limited which are registered in Scotland.

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

12 Debtors

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Debtors: amounts falling due within one year				
Amounts due from subsidiary undertakings	-	3,407,555	-	4,185,452
Amounts due from parent undertaking	-	-	30,917	-
Trade debtors	2,280,622	-	1,650,472	-
Other taxation and social security costs	-	740	-	170
Prepayments and accrued income	603,194	89,029	620,829	76,812
Other debtors	-	-	57,066	260,792
	2,883,816	3,497,324	2,359,284	4,523,226
Debtors: amounts falling due after more than one year				
Amounts due from subsidiary undertakings	-	5,598,385	-	5,931,704
	2,883,816	9,095,709	2,359,284	10,454,930

13 Current asset investments and cash at bank and in hand

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Current asset investments	1,675,725	1,675,725	1,489,706	1,489,706
Cash at bank and in hand	1,921,855	1,263,579	702,935	702,935

Current asset investments comprise a balance equivalent to six months principal and interest in respect of the bank loans and a balance equivalent to two months operations and maintenance in respect of non-leased assets.

14 Creditors: amounts falling due within one year

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Bank loans	911,654	911,654	801,667	801,667
Amounts owed to subsidiary undertakings	-	3,259,430	-	2,478,685
Amounts owed to CLPE Holdings Limited	5,528,059	5,528,059	5,662,434	5,663,279
Amounts owed to immediate parent company	10,000	10,000	-	-
Trade creditors	323,063	156,120	602,435	-
Other taxes and social security costs	457,924	-	261,250	-
Group relief - amounts due to group companies	-	-	396,621	-
Amounts due under finance leases	644,732	-	188,330	-
Accruals and deferred income	1,539,999	242,366	1,330,886	248,894
Other creditors	-	9,871	490	13,634
	9,415,431	10,117,500	9,244,113	9,206,159

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

15 Creditors: amounts falling due after more than one year

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Bank loans	10,654,406	10,654,406	11,566,061	11,566,061
Amounts due under finance leases	10,223,283	-	4,260,446	-
	20,877,689	10,654,406	15,826,507	11,566,061
Bank loans can be analysed as falling due:				
In one year or less	911,654	911,654	801,667	801,667
Between one and two years	1,027,920	1,027,920	911,654	911,654
Between two and five years	3,507,939	3,507,939	3,288,405	3,288,405
In five years or more	6,118,547	6,118,547	7,366,002	7,366,002
	11,566,060	11,566,060	12,367,728	12,367,728
Finance leases can be analysed as falling due:				
In one year or less	644,732	-	188,330	-
Between one and two years	742,020	-	252,845	-
Between two and five years	2,993,139	-	1,106,144	-
In five years or more	6,488,124	-	2,901,457	-
	10,868,015	-	4,448,776	-

The bank loans are secured by means of a debenture providing fixed and floating charges over the assets of CLPE Projects 2 Limited, Beighton Energy Limited, Bellhouse Energy Limited, Chelson Meadow Energy Limited, Colsterworth Energy Limited, Cotesbach Energy Limited, Queens Park Road Energy Limited, Skelbrooke Energy Limited, Summerston Energy Limited, United Mines Energy Limited, Whinney Hill Energy Limited, March Energy Limited, Connon Bridge Energy Limited, Auchencarroch Energy Limited, Wetherden Energy Limited, Feltwell Energy Limited, CLPE ROC - 1 Limited, CLPE ROC - 2 Limited, CLPE ROC - 3 Limited, CLPE ROC - 4 Limited, Bolam Energy Limited and Jameson Road Energy Limited.

Interest is payable on £4,889,069 (2003: £5,452,978) of the loan at 7.08% (2003: 7.08%), £4,808,677 (2003: £5,163,328) of the loan at 7.73% (2003: 7.73%) and £1,868,314 (2003: 2,178,788) of the loan at LIBOR plus 1.31% (2003: LIBOR plus 1.4%).

The loan principal is repayable in half yearly instalments until 2014. Interest is paid six monthly in arrears.

Secured bank loans are stated net of unamortised issue costs of £350,216 (2003: £427,365). The company incurred total issue costs of £634,297 in respect of the above facility. These costs, together with the interest expense are allocated to profit and loss account over the term of the facility at a constant rate on the carrying amount.

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

16 Provision for liabilities and charges

Deferred taxation

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Provision for deferred tax comprises:				
Accelerated capital allowances	999,013	-	926,763	-
Provision at start of year	926,763	-	577,595	-
Charge in profit and loss account	72,250	-	349,168	-
Provision at end of year	999,013	-	926,763	-

17 Called up share capital

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Authorised				
1,000 ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted and called up and fully paid				
2 ordinary shares of £1 each	2	2	2	2

18 Reconciliation of movement in equity shareholders' funds/(deficit)

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Profit/(loss) for the year	1,568,287	(612,241)	794,446	4,241,921
Dividend	-	-	(3,240,000)	(3,240,000)
Profit/(loss) for year	1,568,287	(612,241)	(2,445,554)	1,001,921
Opening equity shareholders' (deficit)/funds	(856,666)	5,845	1,588,888	(996,076)
Closing equity shareholders' funds/(deficit)	711,621	(606,396)	(856,666)	5,845

19 Operating lease commitments

At 31 December 2004 the group has lease agreements in respect of vehicles for which the payments extend over a number of years.

	2004	2003
	£	£
Annual commitments under non-cancellable operating leases expiring:		
Within one year	-	-
Within two to five years	25,950	-
	25,950	-

CLPE Projects 2 Limited

Notes to the financial statements for the year ended 31 December 2004

20 Commitments and guarantees

Bank guarantees are disclosed in note 15.

21 Ultimate parent and controlling company

The company's ultimate parent company is "Ridgewood Electric Power Trust V" an entity which is registered in the United States. Christiana Bank and Trust Company, a company registered and incorporated in the United States is the Corporate Trustee of the Trust. Ridgewood Renewable Power LLC, a company registered and incorporated in the United States, is the managing shareholder of the Trust. The directors consider that Ridgewood Renewable Power LLC is the ultimate controlling party of the company at 31 December 2004.

The company's immediate parent undertaking is CLPE 1999 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 Ridgewood Electric Power Trust V.

The results of the CLPE Projects 2 Limited group are consolidated in the financial statements of CLPE Holdings Limited. CLPE Holdings Limited's financial statements are available from Units 14 & 15 Queensbrook, Bolton Technology Exchange, Spa Road, Bolton, BL1 4AY.

22 Related party transactions

During the year the group leased plant & equipment from Ridgewood ROC 2003 LLC under a finance lease. The lease payments in the year totalled £1,589,234 (2003: £795,431), which included capital repayments of £156,585 (2003: £58,814).

During the year the group leased plant & equipment from Ridgewood ROC II 2003 LLC under a finance lease. The lease payments in the year totalled £877,735 (2003: £nil), which included capital repayments of £182,479 (2003:£nil).

Ridgewood ROC 2003 LLC and Ridgewood ROC II 2003 LLC are under the control of Ridgewood Renewable Power LLC, the company's ultimate controlling party.