

Bellhouse Energy Limited

Directors' report and financial statements

for the year ended 31 December 2003

Registered Number 03466081



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Bellhouse Energy Limited
Directors' report and financial statements
for the year ended 31 December 2003

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Bellhouse Energy Limited

Directors and advisors for the year ended 31 December 2003

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 LLP
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 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

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

Business review

The profit for the year after taxation and before dividends was £346,660 (2002: £243,254).

An ordinary dividend of £76 per share was paid on 24 June 2003. A further ordinary dividend of £16 per share was paid on 30 September 2003 and a final ordinary dividend of £8.50 per share was paid on 31 December 2003. The total ordinary dividend for the year will therefore be £100.50 per share (2002: £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 2003 and that applicable accounting standards have been followed.

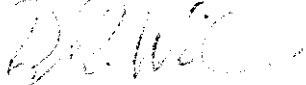
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bellhouse Energy Limited

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



D R Wilson

Director

1 October 2004

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
1 October 2004

Bellhouse Energy Limited

Profit and loss account for the year ended 31 December 2003

Continuing	Notes	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Turnover		860,134	840,259
Cost of sales		(422,214)	(398,126)
Gross profit		437,920	442,133
Administrative expenses		(29,754)	(12,979)
Operating profit		408,166	429,154
Interest payable and similar charges	4	(63,934)	(74,430)
Profit on ordinary activities before taxation	1	344,232	354,724
Taxation	5	2,428	(111,470)
Profit on ordinary activities after taxation		346,660	243,254
Dividends	6	(1,005,000)	-
(Loss)/retained profit for the year		(658,340)	243,254
Retained profit brought forward		669,672	426,418
Retained profit carried forward		11,332	669,672

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

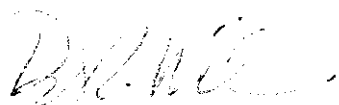
There is no difference between the profit on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

Bellhouse Energy Limited

Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	7	1,182,000	1,298,661
Current assets			
Debtors	8	509,153	1,086,615
Creditors: amounts falling due within one year	9	(304,776)	(266,433)
Net current assets		204,377	820,182
Total assets less current liabilities		1,386,377	2,118,843
Creditors: amounts falling due after more than one year	10	(1,205,180)	(1,276,878)
Provisions for liabilities and charges	11	(159,865)	(162,293)
Net assets		21,332	679,672
Capital and reserves			
Called up share capital	12	10,000	10,000
Retained profit		11,332	669,672
Equity shareholders' funds	13	21,332	679,672

The financial statements on pages 5 to 12 were approved by the board of directors on 1 October 2004 and were signed on its behalf by:



D R Wilson
Director

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 2003

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Auditors' remuneration	2,100	2,100
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 (2002: £nil).

3 Staff numbers and costs

No staff were employed by the company during the year (2002: nil).

4 Interest payable and similar charges

	2003 £	2002 £
On loan from CLPE Projects 2 Limited	63,934	74,430

5 Taxation

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
<i>Current tax</i>		
Group relief receivable	-	142,916
Adjustments in respect of prior years	-	(13,525)
	-	129,391
<i>Deferred tax</i>		
Origination and reversal of timing differences	29,820	(34,998)
Adjustments in respect of prior years	(32,248)	17,077
	(2,428)	(17,921)
Tax on profits on ordinary activities	(2,428)	111,470

Bellhouse Energy Limited

5 Taxation (cont.)

The tax for the year is lower (2002 - higher) than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	£	£
Profit on ordinary activities before tax	344,232	354,724
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	103,270	106,417
Effects of:		
Depreciation for the year in excess of capital allowances	-	17,921
Capital allowances for the year in excess of depreciation	(29,891)	-
Group relief not payable	(73,379)	-
Adjustments to tax in respect of prior years	-	3,552
Expenses not deductible for tax purposes	-	1,501
	-	129,391

Factors that may affect future tax charges

The company 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.

6 Dividends

	2003 £	2002 £
Equity - Ordinary		
Paid 24 June 2003: £76 per £1 share	760,000	-
Paid 30 September 2003: £16 per share	160,000	-
Paid 31 December 2003: £8.50 per £1 share	85,000	-
	1,005,000	-

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 31 December 2003 and 31 December 2002	1,749,908
Depreciation	
At 31 December 2002	451,247
Charge for the year	116,661
At 31 December 2003	567,908
Net book value	
At 31 December 2003	1,182,000
At 31 December 2002	1,298,661

Bellhouse Energy Limited

8 Debtors

	2003 £	2002 £
Trade debtors	69,048	99,824
Amounts due from CLPE Projects 2 Limited	366,781	911,582
Prepayments and accrued income	73,324	75,209
	509,153	1,086,615

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	24,297	17,816
Amounts due to group undertakings	129,391	129,390
Loan from CLPE Projects 2 Limited	71,698	-
Other taxation and social security	28,868	35,622
Accruals and deferred income	50,522	83,605
	304,776	266,433

10 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Loan from CLPE Projects 2 Limited	1,205,180	1,276,878
The loan can be analysed as falling due:		
In one year or less, or on demand	71,698	-
Between one and two years	89,637	80,188
Between two and five years	315,389	296,363
In five years or more	800,154	900,327
	1,276,878	1,276,878

Interest is payable on the loan at 7.27%.

Bellhouse Energy Limited

11 Provision for liabilities and charges

Deferred taxation

	2003 £	2002 £
Provision for deferred tax comprises:		
Accelerated capital allowances	159,865	162,293
Provision at start of year	162,293	180,214
Deferred tax credit in profit and loss account for year	(2,428)	(17,921)
Provision at end of year	159,865	162,293

12 Called up share capital

	2003 £	2002 £
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

13 Reconciliation of movement in equity shareholders' funds

	2003 £	2002 £
Retained profit for the financial year	346,660	243,254
Dividend	(1,005,000)	-
Opening equity shareholders' funds	(658,340)	243,254
	679,672	436,418
Closing equity shareholders' funds	21,332	679,672

14 Commitments and guarantees

There were no capital commitments at the end of the financial year (31 December 2002: £nil).

The company has guaranteed the bank loans of its intermediate parent company, CLPE Projects 2 Limited, and its fellow subsidiaries amounting to £12,795,092 (2002: £13,575,075) by means of a debenture providing fixed and floating charges over the company's assets.

Bellhouse Energy Limited

15 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. The directors consider that Ridgewood Renewable Power LLC is the ultimate controlling party of the company at 31 December 2003.

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 Ridgewood Electric Power Trust V.

The consolidated financial statements of CLPE Projects 2 Limited are available from Units 14 & 15 Queensbrook, Bolton Technology Exchange, Spa Road, Bolton, BL1 4AY.

16 Related party transactions

There were no transactions with related parties, other than group companies, during 2003 and 2002.