

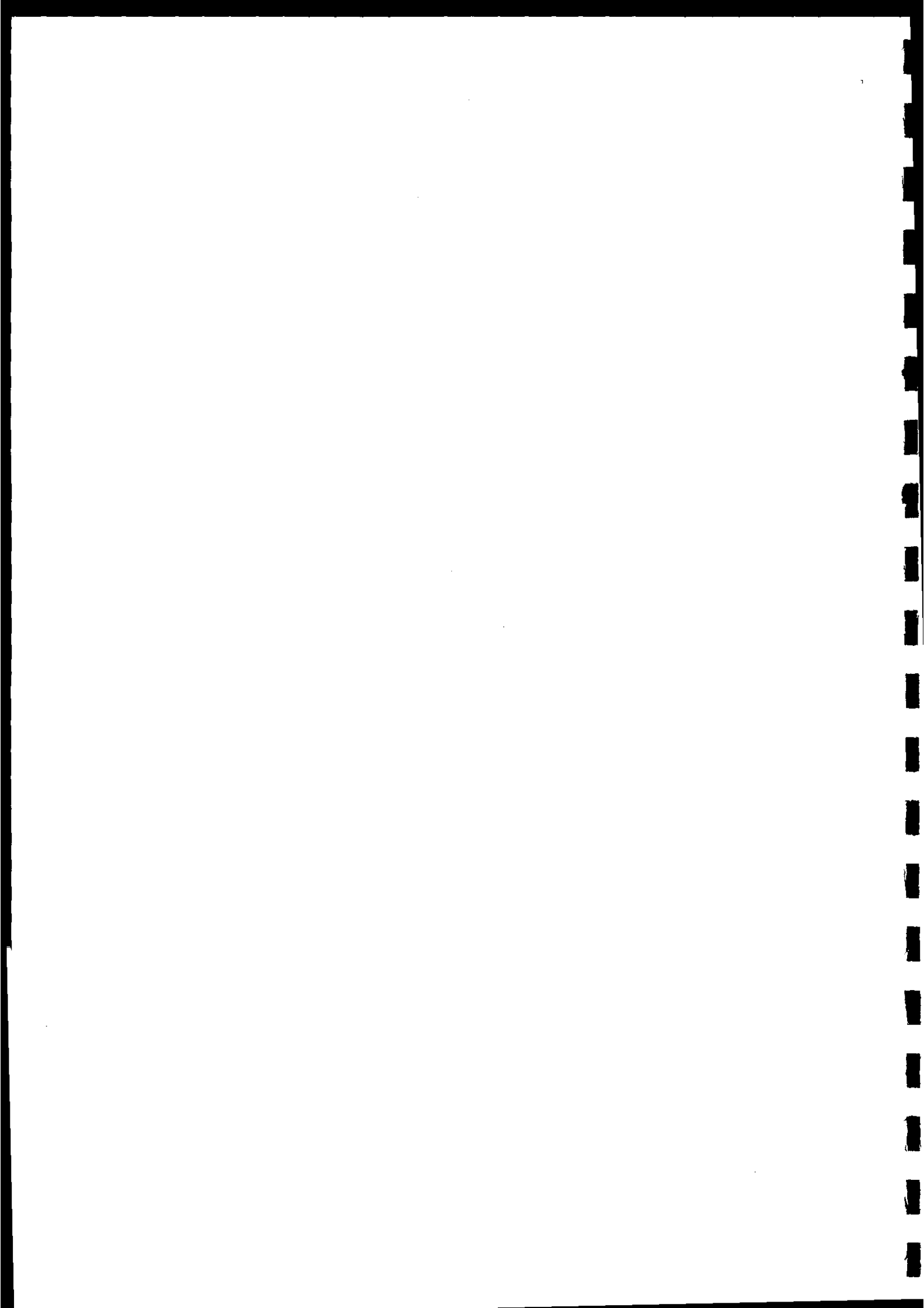
BELLHOUSE ENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999

REGISTERED NUMBER: 03466081

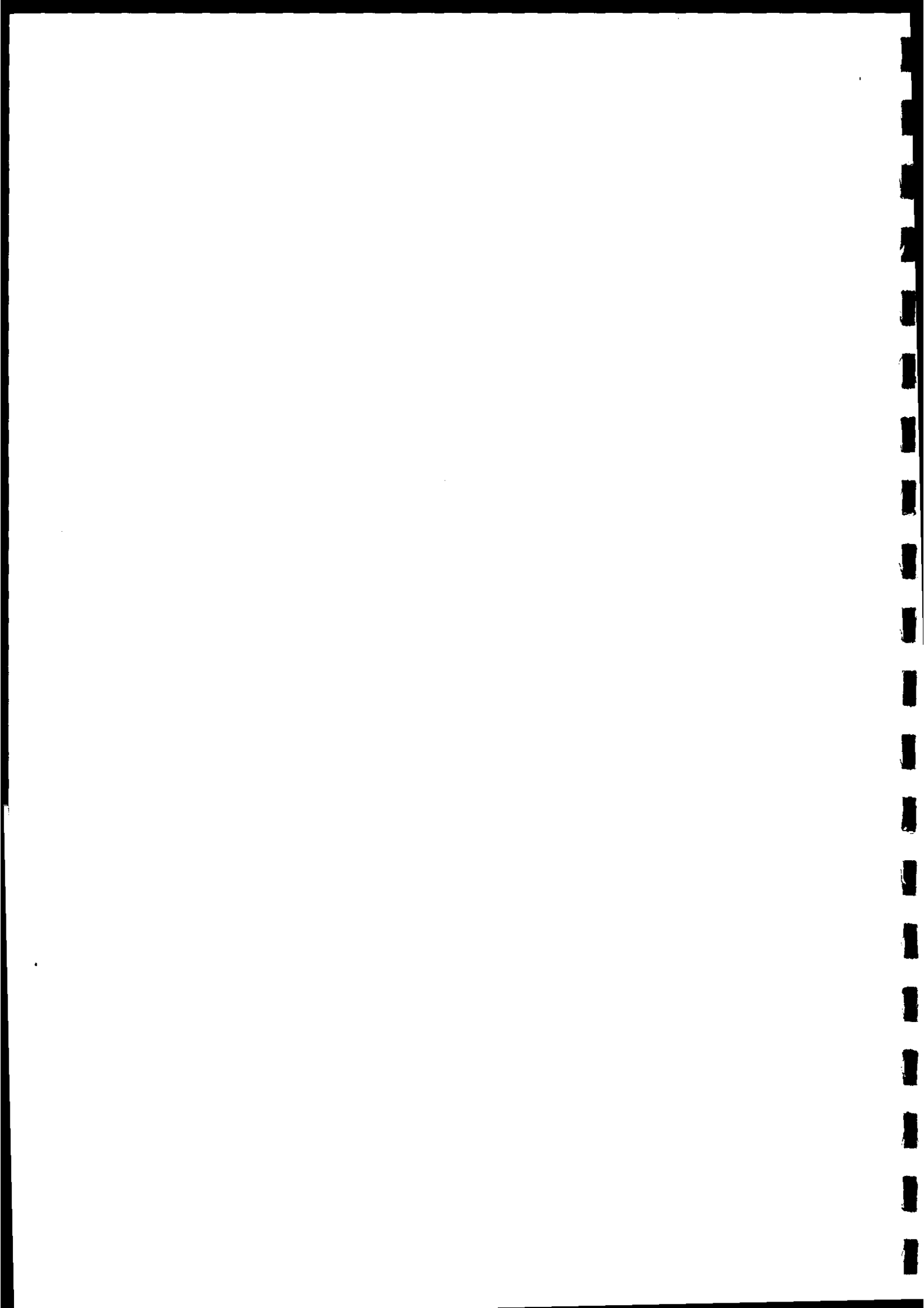




**BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1999**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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BELLHOUSE ENERGY LIMITED
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DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 9 months ended 31 December 1999.

Principal activities

The company is engaged in the business of generating electricity from landfill gas. During the period the company changed its accounting reference date from 31 March to 31 December. Accordingly the financial statements show the results of the company for the nine month period to 31 December 1999.

Business review and future development

The company commenced generating electricity on its site in February 1999.

The profit for the period after taxation was £108,891 (16 months ended 31 March 1999: £16,849). The directors do not recommend the payment of a dividend for the period (16 months ended 31 March 1999: £nil).

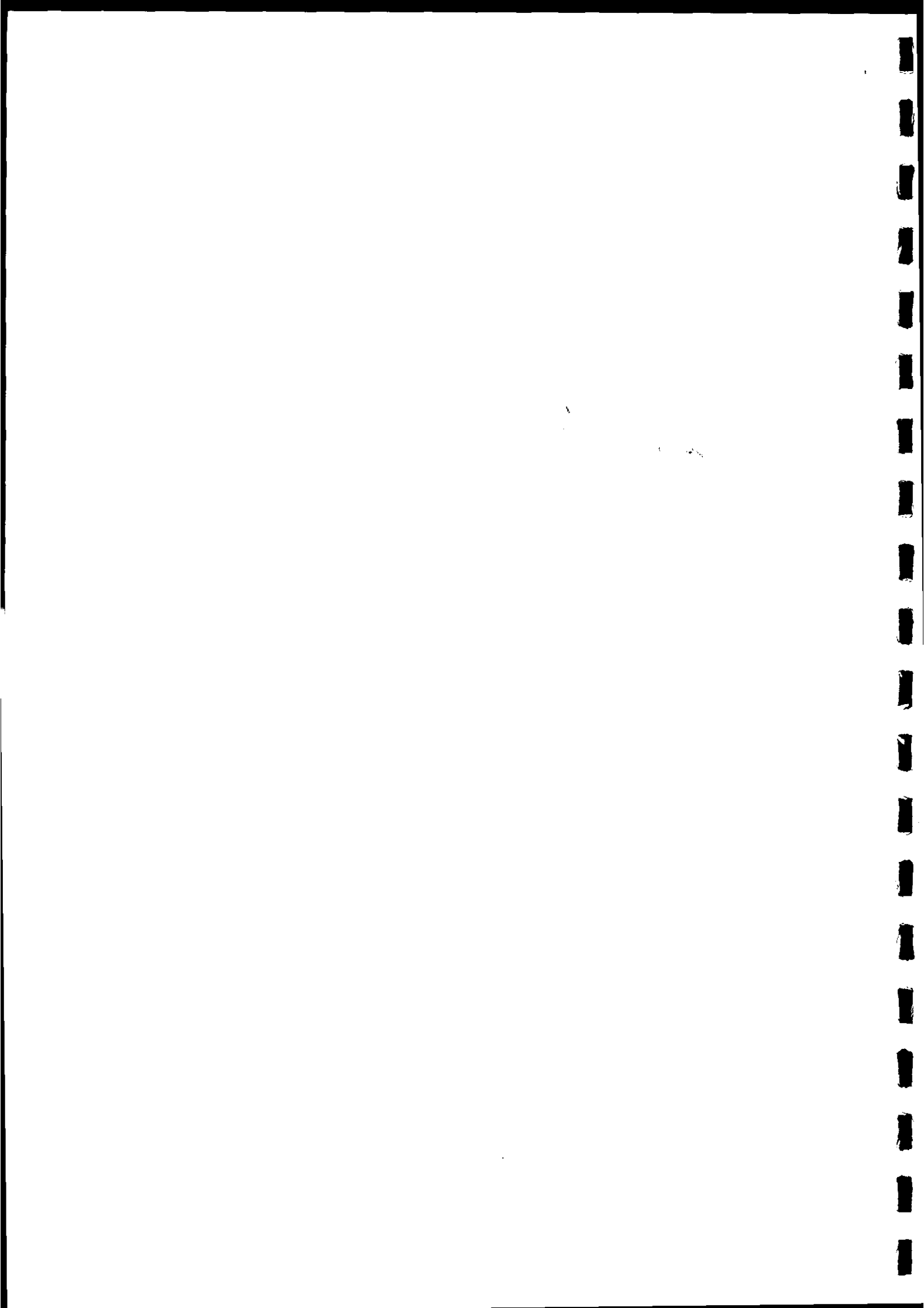
The directors expect the level of business activity to be sustained for the foreseeable future.

Directors and director's interests

The directors who held office during the year were as follows:

HHP Wyndham	(resigned 1 July 1999)
DH FitzHerbert	(resigned 1 July 1999)
DR Wilson	(appointed 1 July 1999)
RD Holmes	(appointed 1 July 1999)
RE Swanson	(appointed 1 July 1999)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company or any other group undertakings.



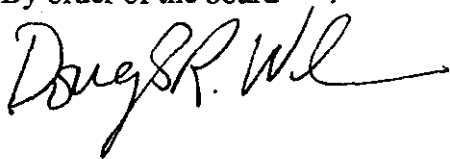
BELLHOUSE ENERGY LIMITED
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DIRECTORS' REPORT (continued)

Auditors

Following the resignation of KPMG Audit plc, PricewaterhouseCoopers were appointed as auditors to the company. In accordance with Section 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for their re-appointment.

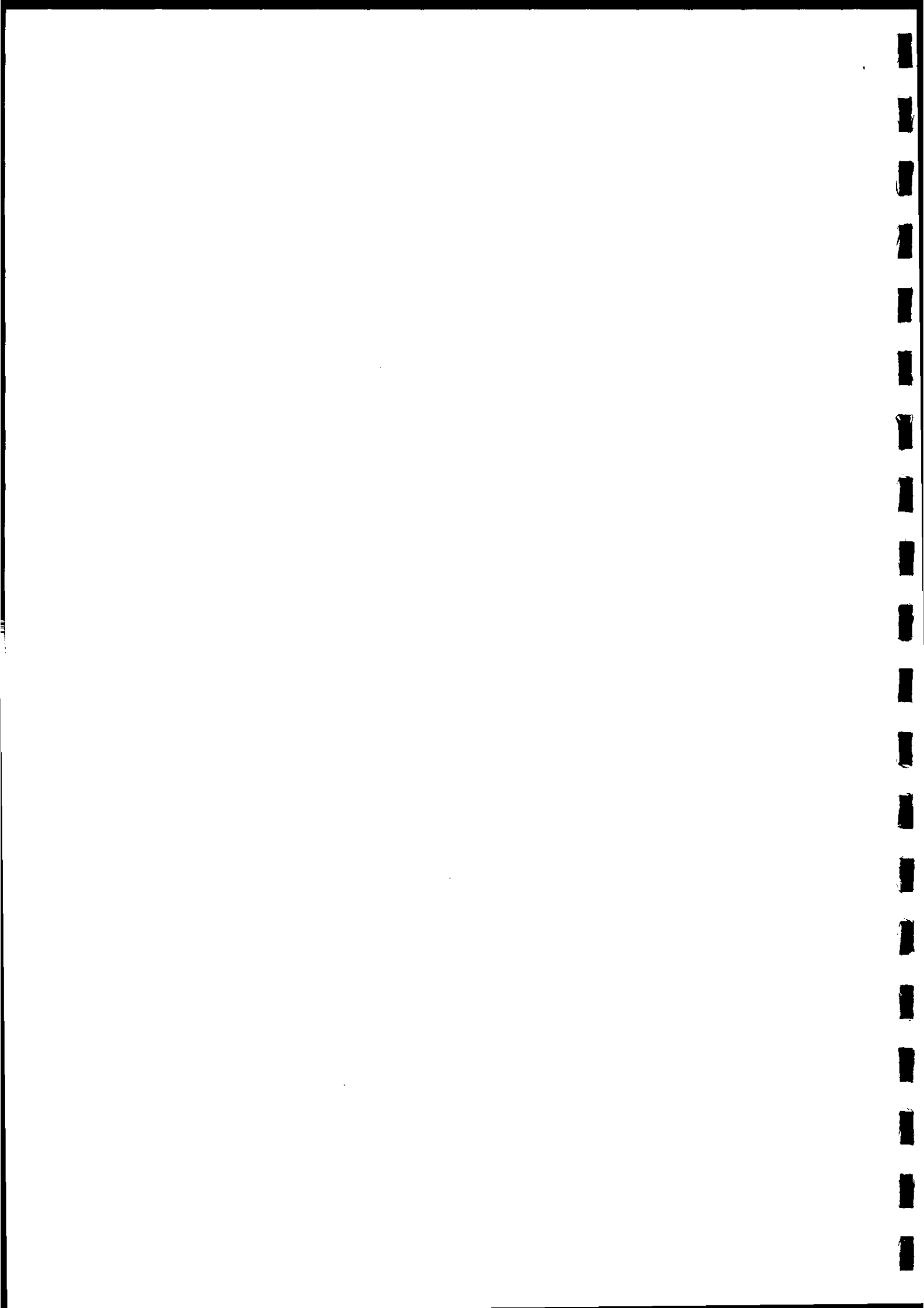
By order of the board



DR Wilson
Director

115 Colmore Row
Birmingham

26 January 2001



BELLHOUSE ENERGY LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of the results 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;
- state whether applicable 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 have responsibility for ensuring the company keeps adequate accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985.

The directors have a general responsibility for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**BELLHOUSE ENERGY LIMITED
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Auditors' report to the members of Bellhouse Energy Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom, by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

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 the company's affairs as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
26 January 2001



BELLHOUSE ENERGY LIMITED
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PROFIT AND LOSS ACCOUNT
For the 9 months ended 31 December 1999

	Notes	9 months ended 31 December 1999 £	16 months ended 31 March 1999 £
Turnover	1	590,328	140,192
Cost of sales		(251,513)	(52,107)
Gross profit		338,815	88,085
Administrative expenses		(74,611)	(26,131)
Operating profit		264,204	61,954
Interest payable and similar charges	5	(108,036)	(38,637)
Profit on ordinary activities before taxation	2	156,168	23,317
Taxation	6	(47,277)	(6,468)
Profit on ordinary activities after taxation		108,891	16,849
Retained profit brought forward		16,849	-
Retained profit carried forward	13	125,740	16,849

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

All revenues and expenditure relate to continuing activities.

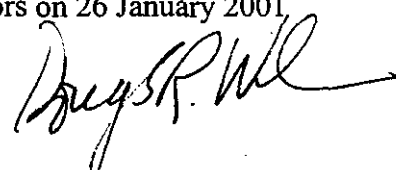
The above is reported on a historical cost basis.

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BALANCE SHEET
At 31 December 1999

	Note	31 December 1999		31 March 1999	
		£	£	£	£
Fixed assets					
Tangible assets	7	1,649,077		1,698,221	
Current assets					
Debtors	8	504,534		209,149	
Creditors: amounts falling due within one year	9	(202,071)		(117,766)	
Net current assets		302,463		91,383	
Total assets less current liabilities					
		1,951,540		1,789,604	
Creditors: amounts falling due after more than one year	10	(1,740,176)		(1,739,941)	
Provisions for liabilities and charges	11	(75,624)		(22,814)	
Net assets		135,740		26,849	
Capital and reserves					
Called up share capital	12	10,000		10,000	
Profit and loss account	13	125,740		16,849	
Equity shareholders' funds	14	135,740		26,849	

These financial statements were approved by the board of directors on 26 January 2001 and were signed on its behalf by



DR Wilson
 Director

BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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NOTES

(forming part of the financial statements)

1. 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.

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

Plant and machinery - 15 years

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of electricity to third party customers during the period. All turnover arises 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 the intermediate parent company's financial statements, which are publicly available.

BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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NOTES

(forming part of the financial statements)

1. Accounting policies (continued)

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 parent company are publicly available.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	9 months ended 31 December 1999	16 months ended 31 March 1999
	£	£
Auditors' remuneration	1,950	1,850
Depreciation of tangible fixed assets	86,650	14,271

3 Remuneration of directors

None of the directors received any emoluments in respect of their services to the company during the period (10 months ended 31 March 1999 – nil).

4 Staff numbers and costs

No staff were employed by the company in the period. (16 months ended 31 March 1999 – Nil).

BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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NOTES

(forming part of the financial statements)

5 Interest payable and similar charges

	9 months ended 31 December 1999	16 months ended 31 March 1999
	£	£
On loan from immediate parent company	76,613	21,470
On loan from Ridgewood Renewables Limited	28,874	21,343
Other finance costs	2,549	1,370
Interest capitalised	-	(5,546)
	108,036	38,637

6 Taxation

	9 months ended 31 December 1999	16 months ended 31 March 1999
	£	£
Group relief receivable at 30% (16 months ended 31 March 1999: 31%)	(9,078)	(16,346)
Deferred tax charge	56,241	22,814
Adjustment in respect of prior years - current	3,545	-
- deferred	(3,431)	-
	47,277	6,468

BELLHOUSE ENERGY LIMITED
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NOTES

(forming part of the financial statements)

7 Tangible fixed assets

	Plant and machinery
<i>Cost</i>	
At beginning of period	1,712,492
Additions	37,416
At end of period	1,749,908
<i>Depreciation</i>	
At beginning of period	14,271
Charge for period	86,560
At end of period	100,831
<i>Net book value</i>	
At 31 December 1999	1,649,077
At 31 March 1999	1,698,221

8 Debtors

	31 December 1999	31 March 1999
	£	£
Trade debtors	74,913	-
Amounts due from immediate parent company	339,449	132,142
Prepayments and accrued income	68,293	60,661
Group relief receivable	21,879	16,346
	504,534	209,149

All debtors are due within one year.



BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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NOTES

(forming part of the financial statements)

9 Creditors: amounts falling due within one year

	31 December 1999 £	31 March 1999 £
Term loan from immediate parent company	73,458	88,780
Amounts due to fellow subsidiary undertakings	-	12,966
Trade Creditors	19,971	-
Other tax and social security	15,088	(5,575)
Accruals and deferred income	93,554	21,595
	202,071	117,766

10 Creditors: amounts falling due after more than one year

	31 December 1999 £	31 March 1999 £
Term loan from immediate parent company	1,344,355	1,363,017
Loan from Ridgewood Renewables Limited ("RRL")	395,821	376,924
	1,740,176	1,739,941

Bank loans can be analysed as falling due

	31 December 1999 £	31 December 1999 £
	Loan from RRL	Term loan
In one year or less	-	73,458
Between 1 and 2 years	-	81,823
Between 2 and 5 years	-	300,361
In five years or more	395,821	962,171
	395,821	1,417,813

Interest is payable on the loans at 1.3125% above LIBOR.

BELLHOUSE ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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NOTES

(forming part of the financial statements)

11 Provisions for liabilities and charges

	31 December 1999	31 March 1999
	£	£
Deferred taxation		
At beginning of period	22,814	-
Charge for period	52,810	22,814
At end of period	75,624	22,814

Deferred tax is provided in respect of capital allowances in excess of depreciation.

There is no unprovided deferred taxation as at 31 December 1999 (31 March 1999 – nil)

12 Called up share capital

	31 December 1999	31 March 1999
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
10,000 ordinary shares of £1 each	10,000	10,000

13 Profit and loss account

	9 months ended	16 months ended
	31 December 1999	31 March 1999
	£	£
Retained profit brought forward	16,849	-
Retained profit for the period	108,891	16,849
Retained profit carried forward	125,740	16,849

BELLHOUSE ENERGY LIMITED
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NOTES

(forming part of the financial statements)

14 Reconciliation of movements in equity shareholders' funds

	31 December 1999	31 March 1999
	£	£
Issue of ordinary shares	-	10,000
Profit for the period	108,891	16,849
Net addition to equity shareholders' funds	108,891	26,849
Opening equity shareholders' funds	26,849	-
Closing equity shareholders' funds	135,740	26,849

15 Commitments

There were no capital commitments at the end of the financial period.

The company has guaranteed the bank loans of its immediate parent company, Ridgewood Renewables Projects Ltd, and its fellow subsidiaries amounting to £5,758,201 (1999: £5,395,435) by means of a debenture providing fixed and floating charges over the company's assets.

17 Ultimate parent and controlling company

The company's ultimate parent undertaking 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 of America is the Corporate Trustee of the Trust. The directors consider that Ridgewood Energy Holdings Corporation is the ultimate controlling party of the company as at 31 December 1999.

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

The smallest and largest group in which the results of the company are consolidated is that headed by Ridgewood UK Limited. The consolidated financial statements of Ridgewood UK Limited are available from 115 Colmore Row, Birmingham.

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NOTES

(forming part of the financial statements)

18 Related party transactions

The following transactions took place between the company and related undertakings during the period.

The company paid £147,345 for operation and maintenance costs to C.L.P Services Limited for the nine months ended 31 December 1999.

The company paid £2,581 for administration costs to C.L.P Services Limited for the nine months ended 31 December 1999.

Prior to 30 June 1999, CLP Services Limited and the company were direct and indirect subsidiaries respectively of Ridgewood Renewable Projects Limited (formerly Combined Landfill Projects Limited). CLP Services was sold to a company unrelated to the Ridgewood group of companies on 1 July 1999.