

REALPOWER LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Company Registration Number 4727708

Tenon Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX



REALPOWER LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

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REALPOWER LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2004

The board of directors	MT Shearstone PR Needham
Company secretary	Mrs CL Shearstone
Registered office	14 Regent Street Nottingham NG1 5BQ
Auditors	Tenon Audit Limited Charnwood House Gregory Boulevard Nottingham NG7 6NX
Accountants	Tenon Limited Charnwood House Gregory Boulevard Nottingham NG7 6NX
Bankers	HSBC Bank Plc 1 St Peter's Street Derby DE1 2AE

REALPOWER LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2004

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

Principal activities

The principal activity of the company is that of a holding company.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2004	At 1 January 2004
MT Shearstone	Ordinary shares	160,000	160,000
PR Needham	'B' ordinary shares	<u>40,000</u>	<u>40,000</u>

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 at the end of the year and of the profit or loss for the year then ended. 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
- 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. The directors 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

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

REALPOWER LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2004

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



MRS CL SHEARSTONE
Company Secretary

Approved by the directors on 6 April 2005

REALPOWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REALPOWER LIMITED

YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Realpower Limited for the year ended 31 December 2004 on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

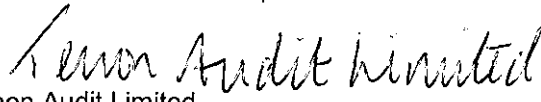
REALPOWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REALPOWER LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2004

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 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


Tenon Audit Limited
Registered Auditor

Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

14 April 2005

REALPOWER LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2004

	Note	Year to 31 Dec 04 £	Period from 9 Apr 03 to 31 Dec 03 £
Turnover	2	—	—
Administrative expenses		(288,420)	(27,481)
Other operating income	3	440,444	71,650
Operating profit	4	152,024	44,169
Income from shares in group undertakings	6	50,000	415,102
Interest payable and similar charges		(18,881)	(6,365)
Profit on ordinary activities before taxation		183,143	452,906
Tax on profit on ordinary activities	7	(28,541)	(7,000)
Profit on ordinary activities after taxation		154,602	445,906
Equity dividends paid and proposed		(60,000)	(39,000)
Retained profit for the financial year/period		94,602	406,906

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 14 form part of these financial statements.

REALPOWER LIMITED

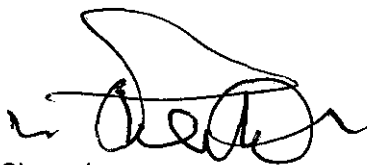
BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	326,451	349,771
Investments	9	1,969,232	1,969,232
		<u>2,295,683</u>	<u>2,319,003</u>
Current assets			
Debtors	10	251,209	118,273
Cash at bank		36,355	63,186
		<u>287,564</u>	<u>181,459</u>
Creditors: amounts falling due within one year	11	<u>(87,630)</u>	<u>(217,687)</u>
Net current assets/(liabilities)		199,934	(36,228)
Total assets less current liabilities		<u>2,495,617</u>	<u>2,282,775</u>
Creditors: amounts falling due after more than one year	12	<u>(742,357)</u>	<u>(624,117)</u>
		<u>1,753,260</u>	<u>1,658,658</u>
Capital and reserves			
Called-up share capital	16	200,000	200,000
Share premium account		1,051,752	1,051,752
Profit and loss account	17	501,508	406,906
Shareholders' funds	18	<u>1,753,260</u>	<u>1,658,658</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 6 April 2005 and are signed on their behalf by:



MT Shearstone
Director

The notes on pages 8 to 14 form part of these financial statements.

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Long leasehold property - 5% per annum

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The company also pays into personal pension plans for the directors.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

2. Turnover

Turnover is wholly attributable to the principle activities of the company and arises solely within the United Kingdom.

3. Other operating income

	Year to 31 Dec 04 £	<i>Period from 9 Apr 03 to 31 Dec 03 £</i>
Rent receivable	26,444	—
Management charges receivable	414,000	71,650
	<u>440,444</u>	<u>71,650</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	Year to 31 Dec 04 £	<i>Period from 9 Apr 03 to 31 Dec 03 £</i>
Depreciation of owned fixed assets	23,320	—
Profit on disposal of fixed assets	—	(12,784)
Auditors' fees	965	850
	<u>965</u>	<u>850</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Dec 04 £	<i>Period from 9 Apr 03 to 31 Dec 03 £</i>
Aggregate emoluments	138,629	4,758
Contributions to defined contribution pension schemes	68,000	—
	<u>206,629</u>	<u>4,758</u>

6. Income from shares in group undertakings

	Year to 31 Dec 04 £	<i>Period from 9 Apr 03 to 31 Dec 03 £</i>
Income from group undertakings	50,000	415,102
	<u>50,000</u>	<u>415,102</u>

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

7. Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	Year to 31 Dec 04 £	Period from 9 Apr 03 to 31 Dec 03 £
UK Corporation tax	30,000	7,000
Over/under provision in prior year	(1,459)	—
	<u>28,541</u>	<u>7,000</u>

(b) Factors affecting current tax charge

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%).

	Year to 31 Dec 04 £	Period from 9 Apr 03 to 31 Dec 03 £
Profit on ordinary activities before taxation	<u>183,143</u>	<u>452,906</u>
Profit on ordinary activities multiplied by expected rate of corporation tax of 30% (2003: 30%)	54,943	135,872
Effects of:		
Expenses not deductible for tax purposes	4,465	4,562
Capital allowances for period in excess of depreciation	1,404	—
Non taxable income	(15,000)	(124,531)
Profit on disposal of investments	—	(3,835)
Small companies relief	(16,426)	(5,068)
Previous period adjustments	(1,459)	—
Sundry tax adjusting items	614	—
Total current tax (note 7(a))	<u>28,541</u>	<u>7,000</u>

(c) Factors that may affect future tax charges

There are no factors which are expected to significantly affect future tax charges.

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

8. Tangible fixed assets

	Long leasehold property £
Cost	
At 1 January 2004 and 31 December 2004	463,590
Depreciation	
At 1 January 2004	113,819
Charge for the year	23,320
At 31 December 2004	137,139
Net book value	
At 31 December 2004	326,451
At 31 December 2003	349,771

9. Investments

Subsidiary undertakings

	£
Cost and net book value	
At 1 January 2004 and 31 December 2004	1,969,232

The following were subsidiary undertakings at the end of the period:

Name	Proportion of voting rights and ordinary share capital held	Result for the year ended 31 December 2004 £	Net assets at 31 December 2004 £	Nature of business
Icepower Limited	100%	-	245,517	Dormant
Wastecycle Limited	100%	486,689	1,309,509	Waste collection and recycling
Realmalt 2 Limited	100%	-	60,000	Dormant

All companies listed are based in Great Britain.

10. Debtors

	2004 £	2003 £
Amounts owed by group undertakings	245,849	117,098
Other debtors	5,360	1,175
	<u>251,209</u>	<u>118,273</u>

Included within debtors is an amount of £Nil (2003: £65,000) due in more than one year.

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	28,152	28,152
Trade creditors	5,866	18,167
Amounts owed to group undertakings	–	60,000
Corporation tax	30,000	29,547
Other taxation and social security	7,876	18,629
Other creditors	15,736	63,192
	<u>87,630</u>	<u>217,687</u>

12. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	126,379	154,531
Amounts owed to group undertakings	555,978	69,586
Other creditors	60,000	400,000
	<u>742,357</u>	<u>624,117</u>

The bank loan is secured on the assets of the company and bears interest at 2% above the bank's base lending rate.

The bank loan is repayable as follows:

	2004 £	2003 £
Within one to two years	28,152	28,152
Within two to five years	84,456	84,456
After more than five years	13,771	41,923
	<u>126,379</u>	<u>154,531</u>

13. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land & buildings</i> 2004 £	2003 £
Operating leases which expire:		
After more than 5 years	<u>94,000</u>	<u>92,000</u>

14. Contingencies

The company has guaranteed the bank borrowings of its subsidiary company. At 31 December 2004 the contingent liability in respect of those guarantees amounted to £Nil (2003: £Nil).

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

15. Related party transactions

The company is related to Icepower Limited, Wastecycle Limited, UK Recycling Limited, UK Materials Limited and Realmalt 2 Limited by virtue of them being subsidiary undertakings.

During the year the company received management charges of £300,300 (2003: £71,650) from Wastecycle Limited. At the year-end the company had balances with Wastecycle Limited of £82,149 debtor (2003: £117,098) and £468,089 creditor (2003: £41,350).

At the year-end the company had a creditor balance with Icepower Limited of £27,889 (2003: £28,236). The company also had a creditor balance with Realmalt 2 Limited of £60,000 (2003: £60,000).

All transactions occurred on normal commercial terms.

16. Share capital

Authorised share capital:

	2004	2003
	£	£
160,000 Ordinary shares of £1 each	160,000	160,000
40,000 'B' ordinary shares of £1 each	40,000	40,000
	<u>200,000</u>	<u>200,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	160,000	160,000	160,000	160,000
'B' ordinary shares of £1 each	40,000	40,000	40,000	40,000
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

The rights attaching to each class of share are contained in the Articles of Association of the company, which are available from Companies House.

17. Profit and loss account

	Year to 31 Dec 04	Period from 9 Apr 03 to 31 Dec 03
	£	£
Balance brought forward	406,906	—
Retained profit for the financial year/period	94,602	406,906
Balance carried forward	<u>501,508</u>	<u>406,906</u>

REALPOWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

18. Reconciliation of movements in shareholders' funds

	2004		2003
	£	£	£
Profit for the financial year/period		154,602	445,906
Dividends		(60,000)	(39,000)
		<u>94,602</u>	<u>406,906</u>
 New equity share capital subscribed	—		 200,000
Premium on new share capital subscribed	—		 1,051,752
		—	<u>1,251,752</u>
 Net addition to shareholders' funds		 94,602	 1,658,658
Opening shareholders' funds		<u>1,658,658</u>	<u>—</u>
Closing shareholders' funds		<u>1,753,260</u>	<u>1,658,658</u>

19. Ultimate controlling party

The company is controlled by its directors MT Shearstone and PR Needham.