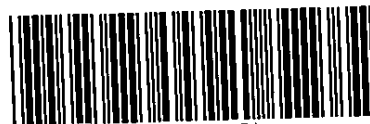


COMPANY REGISTRATION NUMBER 07123788

Romney Hydropower Company Limited
Financial statements
31 March 2012

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Romney Hydropower Company Limited

Financial statements

Year ended 31 March 2012

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Romney Hydropower Company Limited

The directors' report

Year ended 31 March 2012

The directors present their report and the financial statements of the company for the year ended 31 March 2012

Principal activities and business review

The company has the rights to install hydro-electric power generation in the river Thames at Romney Weir, Windsor and is in the process of completing such installation. Once installed the electricity generated therefrom will be sold to a third party purchaser.

Results and dividends

The loss for the year amounted to £138,261. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr NA Roberts
Mr D DeChambeau
Mr T Spring

The interest of Mr Roberts in the share capital of Brighthand Ltd are shown in the financial statements of that company. The interest of Mr Roberts and Mr Spring in the share capital of Summit Asset Management Ltd are shown in the financial statements of that company.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KMPG LLP will therefore continue in office.

Registered office
Melita House
124 Bridge Road
Chertsey
Surrey
KT16 8LA

Signed by order of the directors



S J K Barratt
Company Secretary

Approved by the directors on 21st June 2012

Company Registration Number 07123788

Romney Hydropower Company Limited

Statement of directors' responsibilities

Year ended 31 March 2012

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Insofar as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Romney Hydropower Company Limited

Independent auditor's report to the shareholders of Romney Hydropower Company Limited

Year ended 31 March 2012

We have audited the financial statements of Romney Hydropower Company Limited for the year ended 31 March 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Romney Hydropower Company Limited

Independent auditor's report to the shareholders of Romney Hydropower Company Limited *(continued)*

Year ended 31 March 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

 28/6/2012

R A STEVENSON (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Chartered Accountants & Statutory Auditor

Arlington Business Park

Theale

Reading

RG7 4SD

Romney Hydropower Company Limited

Profit and loss account

Year ended 31 March 2012

		Year to 31 Mar 12	Period from 13 Jan 10 to 31 Mar 11
	Note	£	£
Turnover		—	—
Administrative expenses		(8,464)	—
Operating loss	2	(8,464)	—
Interest payable and similar charges	4	(129,797)	—
Loss on ordinary activities before taxation		(138,261)	—
Tax on loss on ordinary activities	5	—	—
Loss for the financial year		(138,261)	—

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 12 form part of these financial statements

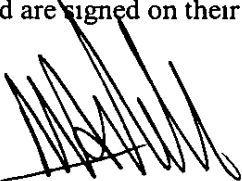
Romney Hydropower Company Limited

Balance sheet

31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	6		2,008,867		—
Current assets					
Debtors	7	21,329		2	
Cash at bank		<u>92,038</u>		—	
		113,367		2	
Creditors: amounts falling due within one year	8	<u>(2,260,493)</u>		—	
Net current (liabilities)/assets			<u>(2,147,126)</u>		<u>2</u>
Total assets less current liabilities			<u>(138,259)</u>		<u>2</u>
Capital and reserves					
Called-up equity share capital	10		2		2
Profit and loss account	11		<u>(138,261)</u>		—
(Deficit)/shareholders' funds	11		<u>(138,259)</u>		<u>2</u>

These financial statements were approved by the directors and authorised for issue on 27th June 2012 and are signed on their behalf by


Mr NA Roberts
Director

The notes on pages 8 to 12 form part of these financial statements

Romney Hydropower Company Limited

Cash flow statement

Year ended 31 March 2012

			Year to 31 Mar 12	Period from 13 Jan 10 to 31 Mar 11
	Note	£	£	£
Net cash inflow/(outflow) from operating activities	12		126,332	(2)
Returns on investments and Servicing of finance				
Interest paid		<u>(13,463)</u>	<u>—</u>	<u>—</u>
Net cash outflow from returns on investments and servicing of finance			(13,463)	—
Capital expenditure				
Payments to acquire tangible fixed assets		<u>(2,008,867)</u>	<u>—</u>	<u>—</u>
Net cash outflow from capital expenditure			(2,008,867)	—
Cash outflow before financing			(1,895,998)	(2)
Financing				
Issue of equity share capital		—	2	
Net inflow from other short-term creditors		<u>1,988,036</u>	<u>—</u>	<u>—</u>
Net cash inflow from financing			1,988,036	2
Increase in cash	12		92,038	—

The notes on pages 8 to 12 form part of these financial statements

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Fixed assets

Fixed assets held under construction are recorded at their then current cost. Once completed, they will be depreciated over their expected useful life.

Deferred taxation

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Financing arrangements

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities and dependence upon inter-company and third party loan note facilities. The directors believe that this is the correct basis of preparation given that (a) the company has the ability to issue further loan notes to meet its debts as they fall due, (b) interest on the third party loan notes (which has given rise to the net liabilities) is not due and payable and (c) the directors expect to be able to use the income generated from the assets whose construction the loan notes has financed to either meet the payments due under the loan notes or raise additional finance which would be used to repay the loan notes and pay the interest due thereon.

2. Operating loss

Operating loss is stated after charging

	Year to 31 Mar 12	Period from 13 Jan 10 to 31 Mar 11
	£	£
Directors' remuneration	—	—
Auditor's remuneration		
- as auditor	<u>3,000</u>	<u>—</u>
Auditor's remuneration in 2011 was £nil as the company was dormant		

3. Particulars of employees

In both years, there were no employees other than directors.

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2012

4. Interest payable and similar charges

	Year to 31 Mar 12	Period from 13 Jan 10 to 31 Mar 11
	£	£
Other similar charges payable	<u>129,797</u>	<u>-</u>

5. Taxation on ordinary activities

(a) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

The company had no taxable profits in either of the years ended 31 March 2011 and 2012

	Year to 31 Mar 12	Period from 13 Jan 10 to 31 Mar 11
	£	£
Loss on ordinary activities before taxation	<u>(138,261)</u>	<u>-</u>
Loss on ordinary activities by rate of tax	(35,948)	-
Expenses not deductible for tax purposes	59	-
Unrelieved tax losses	<u>35,889</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

(b) Factors that may affect future tax charges

The company has a deferred tax asset of £33,129 (2011 £nil), which consists of unutilised tax losses which would be recoverable against future taxable profits of the company. This asset has been provided for in full. The directors are unaware of any other factors which may affect the future tax charge of the company.

The movement in the year represents the losses not utilised as shown above plus an adjustment of £(2,760) for losses relating to the reduction in the UK corporation tax rate from 26% to 24% from 1 April 2012.

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2012

6. Tangible fixed assets

	Assets under construction £
Cost	
Additions	2,008,867
At 31 March 2012	<u>2,008,867</u>
Depreciation	
At 1 April 2011 and 31 March 2012	—
Net book value	
At 31 March 2012	<u>2,008,867</u>
At 31 March 2011	<u>—</u>

7. Debtors

	2012 £	2011 £
Other debtors	21,155	—
Called up share capital not paid	—	2
Prepayments and accrued income	174	—
	<u>21,329</u>	<u>2</u>

8. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	147,095	—
Amounts owed to group undertakings	3,264	—
Other loans	1,988,036	—
Accruals and deferred income	122,098	—
	<u>2,260,493</u>	<u>—</u>

Other loans represent loan notes issued by the company to a US fund, pursuant to the terms of loan note instruments dated 12 August and 31 October 2011 (two). The obligations of the company under the loan note instruments are guaranteed by its immediate parent company, Southeast Power Engineering Limited.

At the year end loan notes in aggregate of £1,988,036 had been issued. Of these £450,000 bears interest at 18% per annum, £388,036 at 16.5% per annum and £1,150,000 at 12% per annum. Interest is compounded monthly to the extent not paid.

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2012

9. Related party transactions

During the year the company paid the following fees to related parties

Summit Asset Management Ltd ("SAM")

£4,000 (2011 £nil) paid for management and accountancy services and the provision of non-executive directors SAM is the parent company of the immediate parent company, Southeast Power Engineering Ltd

10. Share capital

Authorised share capital:

	2012 £	2011 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted and called up:

	2012 No	£	2011 No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2012 £	2011 £
Ordinary shares	<u>-</u>	<u>2</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	<u>2</u>	<u>-</u>	<u>2</u>
Loss for the year	<u>-</u>	<u>(138,261)</u>	<u>(138,261)</u>
Balance carried forward	<u>2</u>	<u>(138,261)</u>	<u>(138,259)</u>

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2012

12. Notes to the cash flow statement

Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	Year to 31 Mar 12 £	Period from 13 Jan 10 to 31 Mar 11 £
Operating loss	(8,464)	—
Increase in debtors	(21,327)	(2)
Increase in creditors	156,123	—
Net cash inflow/(outflow) from operating activities	<u>126,332</u>	<u>(2)</u>

Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Increase in cash in the period	92,038	—
Net (inflow) from other short-term creditors	<u>(1,988,036)</u>	—
	(1,895,998)	—
Change in net funds	(1,895,998)	—
Net funds at 1 April 2011	—	—
Net funds at 31 March 2012	<u>(1,895,998)</u>	—

Analysis of changes in net funds

	At 1 Apr 2011 £	Cash flows £	At 31 Mar 2012 £
Net cash			
Cash in hand and at bank	—	92,038	92,038
Debt			
Debt due within 1 year	—	(1,988,036)	(1,988,036)
Net funds	<u>—</u>	<u>(1,895,998)</u>	<u>(1,895,998)</u>

13. Ultimate parent company

The ultimate parent company is Brighthand Ltd and the immediate parent company is Southeast Power Engineering Ltd. Both companies are registered in England and Wales. Accounts for both these companies are available at Companies House.