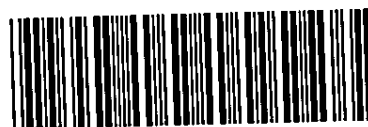


Biogas Generation Limited

Report and financial statements for the year ended 31 March 2008

Company number 2595644

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Biogas Generation Limited

Report and Financial Statements for the year ended 31 March 2008

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Biogas Generation Limited

Company information

Company number	2595644
Directors	R C McPheely K A A Porritt P M Senior
Secretary	K A A Porritt
Registered office	2297 Coventry Road Birmingham B26 3PU
Bankers	Lloyds TSB Bank Plc 125 Colmore Row Birmingham B3 2DT
Solicitors	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS
Auditors	Deloitte & Touche LLP Chartered Accountants Four Brindleyplace Birmingham B1 2HZ

Biogas Generation Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2008.

Business review and principal activities

The company is a wholly owned subsidiary of Severn Trent Plc and operates as part of the group's Water and Sewerage business

The principal activity of the company was the operation of electricity generation plants. With effect from 1 January 1999 the company sold certain of its assets and its trade to a related party, Severn Trent Power Generation Limited, and subsequently ceased trading.

Severn Trent Plc manages its operations on a divisional basis and the company's directors do not believe that further key performance indicators for the company are necessary to enhance the understanding of the development, performance or position of the business.

Treasury management

The Severn Trent group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report).

Environment

The Severn Trent group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The company operates in accordance with the group policies of Severn Trent Plc which are described in the group's Annual Report and Accounts, which does not form part of this report.

Employees

Details of the number of employees and related costs can be found in note 2 to the financial statements.

Biogas Generation Limited

Directors' report (continued)

Results and dividends

The company's result for the financial year after taxation was nil (2007 £100 loss).

The directors do not recommend the payment of a dividend (2007. nil).

Directors

The directors who served during the year are shown on page 2

No emoluments were paid by the company in respect of the services of the directors to the company

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 (UK Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 are responsible for keeping proper accounting records that 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 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.

Biogas Generation Limited

Directors' report (continued)

Directors' indemnities

The company's Articles of Association provide that directors of the company shall be indemnified by the company against any costs incurred by them in carrying out their duties including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court

Supplier payment policy

No trade creditors were outstanding at year end (2007 nil)

Auditors and disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report is approved.

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually Deloitte & Touche LLP will, therefore, remain as auditors until further notice

By order of the board



K A A Porritt

Director

1 September 2008

Independent auditors' report to the members of Biogas Generation Limited

We have audited the financial statements of Biogas Generation Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

Independent auditors' report to the members of Biogas Generation Limited (continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham,

United Kingdom

[DATE]

3 September 2008

Biogas Generation Limited

Profit and loss account

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	2	-	-
Taxation on profit on ordinary activities	4	-	(0 1)
Loss for the financial year	7	-	(0 1)

All activities relate to continuing activities

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

Movements in shareholders funds are disclosed in note 8

Biogas Generation Limited

Balance Sheet

At 31 March 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Debtors	5	38.4	38 4
Cash at bank and in hand		0.8	0 8
Net assets		39.2	39 2
Capital and reserves			
Called up share capital	6	40.0	40 0
Profit and loss account	7	(0.8)	(0 8)
Shareholders' funds	8	39.2	39 2

The financial statements were approved by the board of directors and authorised for issue on 1 September 2008. They were signed on its behalf by



K A A Porritt
Director

Biogas Generation Limited

Notes to the financial statements 31 March 2008

1 Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the United Kingdom Companies Act 1985.

There have been no new accounting policies adopted in the current year

b) Basis of preparation

The company has taken advantage of the exemption of FRS 1 'Cash flow statements' and not presented a cash flow statement.

c) Current and deferred taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in respect of timing differences between the treatment of certain items for taxation and accounting purposes only to the extent that the company has an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax laws enacted or substantively enacted by the balance sheet date.

Biogas Generation Limited

Notes to the financial statements (continued)

31 March 2008

2. Operating costs

	2008 £'000	2007 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	0.5	0.5
	0.5	0.5

There were no fees payable to the auditors of the company other than those disclosed above

The audit fee has been paid by the parent undertaking on behalf of the company
The average number of employees during the year was nil (2007 nil)

3. Directors' remuneration

	2008 £'000	2007 £'000
Aggregate directors' emoluments during the year excluding pension contributions	-	-
	-	-

The emoluments of K A A Porritt, R C McPheely and P M Senior are paid by the ultimate parent company as their services to Biogas Generation Limited are incidental to their services provided to other group companies. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors

Biogas Generation Limited

Notes to the financial statements (continued) 31 March 2008

4. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax		
Adjustments in respect of prior years		
Group Relief / surrender of ACT – prior year at 30%	-	0 1
Total current tax	-	0 1
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities at standard UK corporation rate of 30% (2007 30%)	-	-
Effects of		
Adjustments to tax charge in respect of previous periods	-	0 1
Current tax charge for the period	-	0 1

The company earns profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%

Biogas Generation Limited

Notes to the financial statements (continued) 31 March 2008

5. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	38.4	38.4
	38.4	38.4

6. Share capital

	2008 £'000	2007 £'000
Authorised		
40,000 ordinary shares of £1 each (2007 40,000)	40.0	40.0
	40.0	40.0
Allotted, called up and fully paid		
40,000 ordinary shares of £1 each (2007 40,000)	40.0	40.0
	40.0	40.0

7. Profit and loss account

	£'000
At 1 April 2007	(0.8)
Profit for the financial year	-
At 31 March 2008	(0.8)

8. Reconciliation of movement in shareholders' funds

	2008 £'000	2007 £'000
Profit/(loss) for the financial year	-	(0.1)
Opening shareholders' funds	39.2	39.3
Closing shareholders' funds	39.2	39.2

Biogas Generation Limited

Notes to the financial statements (continued) 31 March 2008

9. Related party transactions

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Severn Trent Plc group.

10. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the largest group to consolidate these financial statements. The controlling party of the smallest group to consolidate these financial statements is Severn Trent Water Limited

Copies of the Severn Trent Plc and Severn Trent Water Limited consolidated financial statements can be obtained from the Company Secretary at 2297 Coventry Road, Birmingham, B26 3PU