

Registered No 5998024

Vivergo Fuels Limited

Report and Financial Statements

31 December 2010

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Vivergo Fuels Limited

Registered No 5998024

Directors

M I Carr
D R Langlands resigned 19 January 2010
O Mace – appointed 31 March 2009, resigned 4 February 2010
C H Wilks
R N Pike – appointed 19 January 2010
TM Stastny – appointed 4 February 2010

Secretary

Shoosmiths Secretaries Limited
Witan Gate House
500-600 Witan Gate West
Milton Keynes
Buckinghamshire
MK9 1SH

Auditors

Ernst & Young LLP
PO Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Bankers

Royal Bank of Scotland
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PA

Registered Office

Shoosmiths Secretaries Limited
Witan Gate House
500-600 Witan Gate West
Milton Keynes
Buckinghamshire
MK9 1SH

The company is domiciled in England

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The loss for the year, after taxation is £ 3,729,000 (2009 £2,402,000) No dividends have been paid in the year and the directors do not recommend a final ordinary dividend (2009 £nil)

Principal activity and review of the business

The company is a joint venture between BP, ABF and DuPont The management and strategy of the company is set out in a joint venture agreement between the parties

The company's principal activities during the year were the continued design, engineering and construction work for a wheat to ethanol fermentation plant

Subsequent to the year end, the continued poor performance of the mechanical and pipework construction contractor, which was impacting project progress, resulted in the company terminating their contract to minimise any further impacts Despite this intervention, completion of the project is likely to be delayed versus earlier forecasts This has also resulted in claims by the contractor which are disputed by the company The directors believe that the claims do not have any material substance and are unlikely to succeed Once the initial legal position has been concluded, the company intends to pursue the contractor for additional damages associated with the cost of completing the construction The ultimate completion of the plant will not be materially affected by the litigation

Construction activities continued throughout 2010 and are ongoing Due to the delay noted above commissioning is now expected to be through Q4 2011 and Q1 2012 with commercial production by the end of Q1 2012

Subsequent to the year end, the company has also entered into an agreement to sell a significant proportion of its ethanol output

The company's key financial and other performance indicators will be established as the company moves into the operational phase The key performance indicators during construction continue to be safety and budget (cost) and schedule performance These have been developed in the current year as the project has progressed

The key safety KPIs used are days away from work cases (DAFWC) and recordable incidents frequency (RIF) The company has recently passed 3 million man hours worked without a DAFWC and has a RIF of 0.10, which is well below UK average for construction sites

Principal Risks and Uncertainties

The principal risks of the business are safety during construction and supplier stability In addition, any political, economic or commercial changes that impact the strategy of the joint venture

The company is establishing procedures to manage financial instrument risks The objectives will be to limit undue counterparty exposure and to manage and monitor the exposure to commodity prices

Use of derivatives

The company may use forward foreign currency contracts to reduce exposure to foreign exchange rates by fixing the rate of any material payments in a foreign currency, although no contracts were used in the year The directors do not consider foreign exchange rate risks to be critical to the project but keep the use of derivatives under review

The company may use forward commodity contracts to reduce exposure to changes in commodity prices The company has used forward contracts to purchase wheat

Exposure to price, credit, liquidity and cash flow risk

Directors' Report

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The company's main price risk is in relation to contract management, capital budgeting and wheat and ethanol commodity prices, once operational.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. As the company has not commenced trading it is not exposed to any material credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company manages liquidity risk via the shareholder agreement which provides for its long term funding by debt and equity contributions.

Cash flow risk is the risk of exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company is not currently exposed to any material cash flow risks.

Going Concern

As noted above, the plant is still under construction and commercial production will not commence until 2012. Funding is available from Shareholders for the remaining costs to complete and commission the plant.

Once production has commenced, the directors believe that the company will be profitable and generate sufficient cash to continue operating for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors and their interests

The directors of the company are shown on page 2.

TM Stastny was appointed a director and O Mace resigned as a director on 4 February 2010.

R N Pike was appointed a director and D R Langlands resigned as a director on 19 January 2010.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On Behalf of the Board



C H Wilks
Director
23 June 2011

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the financial statements the directors are required to

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance,
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent

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 Company's financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

Independent Auditor's Report to the Members of Vivergo Fuels Limited

We have audited the financial statements of Vivergo Fuels Limited for the year ended 31st December 2010 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statements of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, 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 members 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 members 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 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st December 2010 and of its loss for the year then ended,
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

Independent auditors' report

to the members of Vivergo Fuels Limited (continued)

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



Richard Frostick (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Hull

23 June 2011

Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses	3	(3,729)	(2,621)
Operating loss		(3,729)	(2,621)
Finance revenue	5	-	72
Finance costs	6	-	-
Loss on continuing operations before taxation		(3,729)	(2,549)
Tax credit / (expense)	7	-	147
Loss for the year		(3,729)	(2,402)

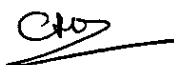
Statement of recognised income and expenses

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £3,729,000 in the year ended 31 December 2010 and of £2,402,000 in the year ended 31 December 2009

Balance Sheet

As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Non-current assets			
Intangible assets	8	532	218
Property, plant and equipment	9	274,522	159,569
Current assets			
Trade and other receivables	10	2,405	1,890
Income tax recoverable	7	-	147
Cash and cash equivalents	11	24,522	14,282
Total Current assets		26,927	16,319
Total assets		301,981	176,106
Current liabilities			
Trade and other payables	12	14,851	22,138
Income tax payable	7	-	-
		14,851	22,138
Non-current liabilities			
Financial liabilities	13	220,952	97,156
Total liabilities		235,803	119,294
Net assets		66,178	56,812
Capital and reserves			
Equity share capital	15	73,895	60,800
Retained earnings		(7,717)	(3,988)
Total equity		66,178	56,812



C H Wilks
Director
23 June 2011

Statement of Changes in Equity

For the year ended 31 December 2010

	<i>Share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
At 1 January 2009	48,711	(1,586)	47,125
Share capital issued for the year	12,089	-	12,089
Total losses recognised for the year	-	(2,402)	(2,402)
At 1 January 2010	60,800	(3,988)	56,812
Share capital issued during the year	13,095	-	13,095
Total losses recognised for the year	-	(3,729)	(3,729)
At 31 December 2010	73,895	(7,717)	66,178

Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Operating activities			
Loss before tax		(3,729)	(2,549)
Amortisation of intangible assets		48	10
Depreciation of fixed assets		28	12
(Increase)/decrease in trade and other receivables		(515)	(540)
Increase/(decrease) in trade and other payables		(240)	17,906
Net cash flow from operating activities		(4,408)	14,839
Investing activities			
Purchase of intangible assets		(362)	(228)
Purchase of property, plant and equipment		(114,981)	(115,690)
Net cash flow from investing activities		(115,343)	(115,918)
Corporation Tax Paid		147	(147)
Financing activities			
Proceeds from share issues		13,095	12,089
Proceeds from Loan Note issues		116,749	95,800
Net cash flows from financing activities		129,844	107,889
Increase in cash and cash equivalents		10,240	6,663
Cash and cash equivalents at the beginning of the year	16	14,282	7,619
Cash and cash equivalents at the end of the year	16	24,522	14,282

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Accounting convention

These financial statements of Vivergo Fuels Limited (the company) for the year ended 31 December 2010 were authorised for issue by the board of directors on 23 June 2011 and the balance sheet was signed on the board's behalf by M I Carr

Vivergo Fuels Limited is a limited company incorporated and domiciled in England & Wales. The registered office of the company is Shoosmiths Secretaries Limited, Witan Gate House, 500-600 Witan Gate West, Milton Keynes, Buckinghamshire, MK9 1SH

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the company for the year ended 31 December 2010

Basis of preparation

These statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as they apply to the financial statements of the company for the year ended 31 December 2010 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2010

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated

These financial statements are prepared on the historical cost convention except for certain financial assets and liabilities including derivative financial instruments that are measured at fair value

In the process of applying the Company's accounting policies no major judgements, apart from those involving estimations, which have a significant effect on the reported amounts in the financial statements, have been made

Foreign currency translation

The functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the company is Sterling. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of transactions

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

Recoverable amount of property, plant and equipment

The recoverable amount of property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment adjustments

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

The value of additions to plant and equipment in the course of construction is based on an estimate of the value of work done in the period, rather than invoiced amounts. This estimate is subject to the judgements of the contract manager for each individual contract making up the additions in the year. However, the overall total cost of additions will be based on invoiced amounts, once the plant is complete.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is provided on all computer software on a straight-line basis, after it has been brought into use, over its expected useful life as follows:

- ☐ Computer software – over 5 years

Property, plant and equipment

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that the Company will derive future economic benefits from them and the cost of an asset can be reliably estimated. Property, plant and equipment are recognised at cost minus accumulated depreciation and any impairment losses. Cost includes purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be operated in the intended manner.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis, after it has been brought into use, over its expected useful life as follows:

- ☐ Buildings – over 30 years
- ☐ Plant and equipment – over 10 to 20 years
- ☐ Fixtures and fittings – over 5 to 15 years
- ☐ Computer equipment – over 5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Interest

Interest on cash and cash equivalents and borrowings held at amortised cost is recognised in the income statement using the effective interest method

All interest on the loan notes is considered to relate to the construction of the plant and has been capitalised. Borrowing costs are amortised over the life of the related assets.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement comprise cash at bank and in hand.

Income taxes

The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit or loss for the period. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial information. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than an acquisition, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

As the plant under construction is anticipated to operate for an indeterminate life, the obligation for the estimated discounted costs of dismantling and removing the facility cannot be measured with any certainty, given the indeterminate settlement date. As a result no decommissioning provision has been recognised in these financial statements. However, the company will perform periodic reviews of the facility for any changes in facts and circumstances that might require the recognition of a decommissioning provision.

Pension scheme

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Operating leases

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit provided

Capital management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns to the shareholders

New standards and interpretations

During the current year the company has adopted the following standards, none of which has had any material impact on the amounts reported or accounting policies

- Amendments to IFRS 2 Group cash settled share based payment arrangements,
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39, IAS 39 Financial Instruments Recognition and Measurement – Eligible Hedged Items effective 1 July 2009,
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009
- IFRIC 17 Distributions of non-cash assets to owner
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 12 Service concession arrangements

At the date of authorisation of these financial statements the IASB and IFRIC have issued the following standards and interpretations which are only effective for accounting periods commencing on, or after, the effective date and have not, therefore, been applied in these financial statements

- IAS 24 Related party disclosures (amendment), effective 1 January 2011
- IAS 32 Financial instruments presentation – classification of rights issues (amendment), effective 1 February 2010
- IFRS 9 Financial instruments classification and measurement, effective 1 January 2013
- IFRIC 14 Prepayments of a minimum funding requirement, effective 1 January 2011
- IFRIC 19 Extinguishing financial liabilities with equity instruments, effective 1 July 2010

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial information in the period of initial application

2. Segment analysis

Analysis by business segment

The company has only one business segment engineering and construction of wheat to ethanol fermentation plant. Information presented elsewhere in these financial statements relate to that segment only

Analysis by geography

In the period all assets, liabilities and capital expenditure originated in the United Kingdom

Notes to the financial statements

at 31 December 2010

3. Operating expenses

This operating loss is stated after charging

	2010 £'000	2009 £'000
Amortisation of intangible assets	48	10
Depreciation	28	12
Auditors' remuneration - audit services	25	20

4. Staff costs

The average number of direct employees during the year was 38 (2009 12). None of the directors receive any remuneration as directors of the company and no consideration is paid to any third party for their services

	2010 £'000	2009 £'000
<i>Staff Costs</i>		
Salary and Benefit Costs	577	516
Social Security Costs	67	61
	<u>644</u>	<u>577</u>

5. Finance revenue

	2010 £'000	2009 £'000
Bank interest receivable	-	72
Total finance revenue	<u>-</u>	<u>72</u>

6. Finance costs

	2010 £'000	2009 £'000
Loan note interest payable	5,691	1,356
Less Loan note interest capitalised	(5,691)	(1,356)
Total finance costs	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2010

7. Tax

(a) Analysis of the tax (credit)/charge for the period

	2010 £'000	2009 £'000
UK Corporation tax		
Current income tax charge	-	(147)
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax (credit) / charge in the income statement	-	(147)

(b) Reconciliation of the total tax charge for the year

A reconciliation of the tax credit / (expense) applicable to the company's loss before tax at the applicable tax rate of 28% (2009 28%) to the provision for income taxes is as follows

	2010 £'000	2009 £'000
Loss before tax	(3,729)	(2,549)
Tax at the rate of 28%	(1,044)	(714)
Non-deductible expenses	-	-
Pre-commencement expenditure carried forward	1,044	567
Changes in tax rates and laws	-	-
Total tax credit / (expense) in the income statement	-	147

Pre-commencement expenditure will be deductible for corporation tax purposes when the company commences to trade

(c) Deferred taxation

There is an unrecognised deferred tax asset of £2,259,000 (2009 £1,159,000) in relation to pre-commencement expenditure which will become deductible on the commencement of trade

d) Factors that may affect future tax charges

The Finance (No 2) Act 2010 received Royal Assent on 27 July 2010 and announced a reduction in the main rate of corporation tax from 28% to 27%. Deferred tax has therefore been calculated at 27%. It is currently also expected that further reductions of 1% per annum will result in a decrease in the main rate of corporation tax to 24%. This is not expected to have a material effect on the deferred tax provided in the balance sheet

Notes to the financial statements

at 31 December 2010

8. Intangible Assets

	Computer Software £'000	Total £'000
<i>Cost</i>		
<i>At 1 January 2010</i>	228	228
<i>Additions</i>	362	362
<i>At 31 December 2010</i>	590	590
<i>Amortisation</i>		
<i>At 1 January 2010</i>	10	10
<i>Charge for the year</i>	48	48
<i>At 31 December 2010</i>	58	58
<i>Net book value</i>		
<i>At 31 December 2010</i>	532	532
<i>At 1 January 2010</i>	218	218

9. Property, plant and equipment

	Computer Equipment, Fixtures & Fittings £'000	Plant and equipment in the course of construction £'000	Total £'000
<i>Cost</i>			
<i>At 1 January 2010</i>	124	159,457	159,581
<i>Additions</i>	96	114,885	114,981
<i>At 31 December 2010</i>	220	274,342	274,562
<i>Depreciation</i>			
<i>At 1 January 2010</i>	12	-	12
<i>Charge for the year</i>	28	-	28
<i>At 31 December 2010</i>	40	-	40
<i>Net book value</i>			
<i>At 31 December 2010</i>	180	274,342	274,522
<i>At 1 January 2010</i>	112	159,457	159,569

Notes to the financial statements

at 31 December 2010

9. Property, plant and equipment (continued)

Plant and equipment comprises design, engineering and construction work and the related capitalised interest costs for the wheat to ethanol fermentation plant. Property, plant & equipment in the course of construction includes £7,047,000 capitalised interest (2009 £ 1,356,000)

10. Trade and other receivables

	2010 £'000	2009 £'000
Prepayments	37	-
Other receivables	2,368	1,890
	<u>2,405</u>	<u>1,890</u>

The carrying value of trade and other receivables also represents their fair value. All other receivables are neither past due or impaired. There is no provision against other receivables.

11. Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	24,522	14,282
	<u>24,522</u>	<u>14,282</u>

Cash at bank and in hand attracts interest at floating rate

12. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	74	116
Other accrued liabilities	14,777	22,022
	<u>14,851</u>	<u>22,138</u>

Notes to the financial statements

at 31 December 2010

13. Financial Liabilities

Non-current	2010 £'000	2009 £'000
Loan Notes	220,952	97,156

On 27 March 2009, the company, in line with the terms of the shareholders agreement, entered into a Loan Note agreement with its shareholders to provide debt funding, up to a total of £176,000,000 to be repaid in full by 2022. An additional £80,200,000 was drawn against this facility during 2010, leaving it fully drawn down. Interest is payable on the drawn down element of these Loan Notes at a rate of LIBOR at date of first draw down plus 200bps. Interest due to date, of £6,892,000, has been accrued and added to the outstanding Loan Note balance.

The company entered into a further loan note agreement with its shareholders to provide additional debt funding on 22 September 2010. £37,905,000 had been drawn down against this facility at 31 December 2010. Interest is payable on the drawn down element of these Loan Notes at a rate of LIBOR plus 200bps. Interest due to date, of £155,000, has been accrued and added to the outstanding Loan Notes balance.

Both Loan Notes together with their accrued interest are repayable on 30 days notice to the company at three-monthly intervals from 25 March 2017.

14. Financial instruments

An explanation of the Company's financial instrument risk management policies are set out in the Directors' Report.

Financial assets comprise cash and cash equivalents as set out in note 11.

Financial liabilities comprise the loan notes as set out in note 13.

Financial liabilities are amortised at cost.

All financial assets and liabilities are denominated in sterling. The Company had no derivative financial instruments, including foreign exchange contracts, at the balance sheet date (2009 – none). The Company has no hedges.

Liquidity risk

Year ended 31 December 2010	On demand £'000	Less than 3 months £'000	3 months to 5 years £'000	Over 5 years £'000	Total £'000
Non derivative financial liabilities					
Interest bearing loan notes	-	-	-	220,952	220,952
Trade & other payables	-	14,851	-	-	14,851
	-	14,851	-	220,952	235,803

Notes to the financial statements

at 31 December 2010

14. Financial instruments (continued)

<i>Year ended 31 December 2009</i>	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 months to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Non derivative financial liabilities					
Interest bearing loan notes	-	-	-	97,156	97,156
Trade & other payables	-	22,138	-	-	22,138
	-	22,138	-	97,156	119,294

Fair value of financial assets and financial liabilities

The carrying value of financial assets and liabilities is equal or approximates to their fair value

	Book Value		Fair Value	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£ 000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Financial assets				
Cash at bank and in hand	24,522	14,282	24,522	14,282
Financial liabilities				
Loan Notes – fixed rate	(182,892)	(97,156)	(182,892)	(97,156)
Loan Notes – variable rate	(38,060)	-	(38,060)	-

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the interest bearing liabilities of the company at 31 December 2010 and their weighted average interest rates is set out below

The weighted average effective interest rate is 3.64% (2009 – 3.68%). Of the balance of the loan notes, £182,892,000 (2009 £97,156,000) is at a fixed interest rate and £38,060,000 is at a variable interest rate (2009 nil)

Liquidity Risk

The maturity profile of the company's financial liabilities at 31 December 2010 based on contractual undiscounted payments is £220,952,000 due on demand with 30 days notice from 25 March 2017

Notes to the financial statements

at 31 December 2010

15. Equity share capital

<i>Authorised</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Ordinary shares of £1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
At 1 January 2010	60,800	48,711
Shares issued	13,095	12,089
At 31 December 2010	73,895	60,800

1,027,000 ordinary shares were issued at par £1 on 22 September 2010 for a cash consideration of £1,027,000 4,622,000 ordinary shares were issued at par £1 on 25 October 2010 for a cash consideration of £4,622,000 7,446,000 ordinary shares were issued at par £1 on 16 December 2010 for a cash consideration of £7,446,000

All shares have equal rights and there are no restrictions or preferences to repayment of capital

16. Additional cash flow information

<i>Analysis of net debt</i>	<i>1 January</i>	<i>Cash</i>	<i>Non-cash</i>	<i>31 December</i>
	<i>2010</i>	<i>flow</i>	<i>movements</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash and cash equivalents	14,282	10,240	-	24,522
Loan notes	(97,156)	(118,105)	(5,691)	(220,952)
	(82,874)	(107,865)	(5,691)	(196,430)
<i>Analysis of net debt</i>	<i>1 January</i>	<i>Cash</i>	<i>Non-cash</i>	<i>31 December</i>
	<i>2009</i>	<i>flow</i>	<i>movements</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash and cash equivalents	7,619	6,663	-	14,282
Loan notes	-	(95,800)	(1,356)	(97,156)
	7,619	(89,137)	(1,356)	(82,874)

Notes to the financial statements

at 31 December 2010

17. Obligations under operating leases

The company has entered into a commercial property lease for the production site and for off-site office accommodation. These leases have terms for renewal but no purchase options. The option to renew the production site lease is at the option of the lessee. The minimum lease rentals payable under non cancellable operating leases are as follows

	2010 £'000	2009 £'000
Not later than one year	141	51
After one year but not more than five years	207	83
After five years	570	363
	<u>918</u>	<u>497</u>

The main production site at Salt End is leased from BP on normal commercial terms, see note 19

The cost recognised through the Statement of Comprehensive Income during 2010 in relation to the leases included above was £4,000 (2009-£nil)

18. Capital Commitments

At 31 December 2010, amounts contracted for but not provided in the financial statements for acquisition of property, plant and equipment amounted to £21,321,000 (2009 £14,212,000)

19. Subsequent Events

Subsequent to the year end, the continued poor performance of the mechanical and pipework construction contractor, which was impacting project progress, resulted in the company terminating their contract to minimise any further impacts. Despite this intervention, completion of the project is likely to be delayed versus earlier forecasts. This has also resulted in claims by the contractor which are disputed by the company. The directors believe that the claims do not have any material substance and are unlikely to succeed. Once the initial legal position has been concluded, the company intends to pursue the contractor for additional damages associated with the cost of completing the construction.

Subsequent to the year end, the company has also entered into an agreement to sell a significant proportion of its ethanol output.

Notes to the financial statements

at 31 December 2010

20. Related parties

Transactions with associated undertakings

Transactions with BP, ABF and DuPont, all shareholders of the company

	<i>Transaction amount</i>	<i>Outstanding balance</i>	<i>Transaction amount</i>	<i>Outstanding balance</i>
	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
BP	10,719	-	6,590	-
ABF	717	-	468	103
DuPont	276	-	201	-

Terms and conditions of these transactions were for payment at end of month following the date of invoice. In addition to the above transactions the long term borrowings set out in note 13 have been provided by and are due to the shareholders in the same proportion as their shareholdings.

21. Pension scheme

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. There were no pension contributions outstanding at the year end (2009 – £nil).

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Delivered by dx

Our Ref KJN/172794 7
Date 15 September 2011

COPY

Dear Sir/Madam

VIVERGO FULLS LIMITED
Company Number: 5998024

Please find enclosed the financial accounts, Directors Report and Balance Sheet for filing on behalf of the above company, for the year ended 31 December 2010

Would you kindly acknowledge safe receipt by stamping and returning to us the copy of this letter in the freepost envelope provided

Yours faithfully

Shoosmiths

Shoosmiths

Encl