

Registered number: OC334323

FUTURE FUELS NO.1 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2016

WEDNESDAY



L5YU879M

LD4

25/01/2017

#106

COMPANIES HOUSE

FUTURE FUELS NO.1 LLP

INFORMATION

Designated Members

Future Fuels (Management Services) Limited
Future Fuels (Partnership Services) Limited

LLP registered number

OC334323

Registered office

10 Old Burlington Street
London
W1S 3AG

Independent auditor

Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
45 Pall Mall
St James's
London
SW1Y 5JG

FUTURE FUELS NO.1 LLP

MEMBERS' REPORT FOR THE YEAR ENDED 5 APRIL 2016

The members present their annual report together with the audited financial statements of Future Fuels No.1 LLP (the LLP) for the year ended 5 April 2016.

PRINCIPAL ACTIVITIES

The principal object of the LLP is the exploitation of land and property interests in the United Kingdom and Overseas.

DESIGNATED MEMBERS

Future Fuels (Management Services) Limited and Future Fuels (Partnership Services) Limited were designated members of the LLP throughout the year.

MEMBERS' CAPITAL AND INTERESTS

The profits/losses of the limited liability partnership are allocated between the members in proportion to their capital contributions. In accordance with the Partnership Agreement, any distributions to members are subject to the discretion of the designated members. The designated members may, however, authorise advances to be made to members in respect of future anticipated distributions.

New ordinary members are required to subscribe to a minimum level of capital. No interest is payable on this capital. An ordinary member may retire from the limited liability partnership and hence withdraw their capital, but only under limited circumstances.

MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members 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, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the LLP and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FUTURE FUELS NO.1 LLP

**MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2016**

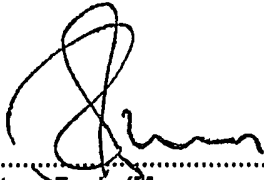
STATEMENT OF DISCLOSURE TO AUDITOR

So far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware, and each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

AUDITOR

The auditor, Hillier Hopkins LLP, has indicated its willingness to continue in office. The Designated members will propose a motion re-appointing the auditor at a meeting of the members.

This report was approved by the members on 13/01/2017 and signed on their behalf by:



.....
Future Fuels (Management Services) Limited
Designated member

FUTURE FUELS NO.1 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTURE FUELS NO.1 LLP

We have audited the financial statements of Future Fuels No.1 LLP for the year ended 5 April 2016, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITOR

As explained more fully in the Members' responsibilities statement, the members 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 LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 LLP's affairs as at 5 April 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

EMPHASIS OF MATTER

We draw attention to the basis of preparation set out in note 1 to the financial statements, along with the contingent liability note (note 11). The Companies Act 2006 and Accounting Standards require that financial statements are drawn up on the going concern basis unless it is considered unlikely that the LLP will continue to remain a going concern for the foreseeable future.

As set out in note 1, the financial statements have been prepared on the going concern basis. The LLP's

FUTURE FUELS NO.1 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTURE FUELS NO.1 LLP

financial position depends upon several factors the outcome of which is currently unknown. These include litigation, as explained in note 11, as well as disputes with HM Revenue and Customs. The LLP also holds assets in land which may or may not be developed. The level of uncertainty as to the future activity of the LLP is such that the Designated Member has referred to these matters in note 1 to the financial statements, and we feel that it is appropriate to draw attention to it. Never the less, the Designated Member has concluded that the going concern basis is appropriate for the preparation of these financial statements, and we concur with their judgement in all the circumstances. Our opinion is not qualified in this respect.

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, as applied to limited liability partnerships, 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.



Jonathan Franks FCA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

45 Pall Mall
St James's
London
SW1Y 5JG

20 January 2017

FUTURE FUELS NO.1 LLP

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2016**

	Note	2016 £	2015 £
TURNOVER	1,2	912,740	1,581,531
Administrative expenses		<u>(4,699,562)</u>	<u>(124,528,442)</u>
OPERATING LOSS	3	(3,786,822)	(122,946,911)
Interest receivable and similar income		361,488	374,278
Amounts written off investments		(2,508)	-
Interest payable and similar charges		<u>(6,527,096)</u>	<u>(4,626,228)</u>
LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>(9,954,938)</u>	<u>(127,198,861)</u>

The notes on pages 9 to 15 form part of these financial statements.

FUTURE FUELS NO.1 LLP
REGISTERED NUMBER: OC334323

BALANCE SHEET
AS AT 5 APRIL 2016

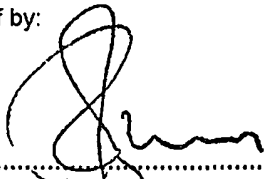
	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	5		-		60
Tangible assets	6		5,600,000		35,480,154
Investments	7		1		2,509
			<u>5,600,001</u>		<u>35,482,723</u>
CURRENT ASSETS					
Debtors	8	13,391,377		5,754,226	
Cash at bank		<u>120,778</u>		<u>14,740</u>	
		13,512,155		5,768,966	
CREDITORS: amounts falling due within one year	9	<u>(17,613,191)</u>		<u>(30,502,292)</u>	
NET CURRENT LIABILITIES			<u>(4,101,036)</u>		<u>(24,733,326)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,498,965</u>		<u>10,749,397</u>
REPRESENTED BY:					
Members' other interests					
Members' capital classified as equity under FRS 25		153,471,843		152,767,337	
Profit / (loss) attributable to members		<u>(151,972,878)</u>		<u>142,017,940)</u>	
			<u>1,498,965</u>		<u>10,749,397</u>
TOTAL MEMBERS' INTERESTS					
Members' other interests			<u>1,498,965</u>		<u>10,749,397</u>

The financial statements have been prepared in accordance with the special provisions applicable to small LLPs within Part 15 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

FUTURE FUELS NO.1 LLP

**BALANCE SHEET (continued)
AS AT 5 APRIL 2016**

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:



.....
Future Fuels (Management Services) Limited
Designated member

Date: 19/01/2017

The notes on pages 9 to 15 form part of these financial statements.

FUTURE FUELS NO.1 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements have been prepared under the going concern concept. The Companies Act 2006 and applicable Statutory Instruments concerning the accounts of LLP's require that the going concern basis is applied to the financial statements of LLP's unless there is reason to doubt that the LLP will be able to continue as a going concern in the foreseeable future.

1.2 Going concern

The LLP no longer expects to be able to complete its main plant development project, but continues to manage its land and seek income from its assets while it determines its future activity. It has certain contingent liabilities set out in note 11 below. In addition, certain liabilities noted in the accounts may crystallise earlier than expected, and finally, the cost of ongoing disputes with HM Revenue & Customs, if not funded by members, may also require significant cash outgoings for which funds are not readily available, despite the existence of assets sufficient to cover known liabilities. These factors, along with the contingent liabilities set out in note 11, may, if they all crystallise simultaneously, render it impossible for the LLP to continue. However, the Designated Members consider that there is currently good reason to assume that the LLP will not suffer these liabilities in a manner such that they cannot be paid, and the Designated Members are taking actions to minimise the possibility of that eventuality. As such, the Designated Members consider it appropriate that the going concern basis be applied.

1.3 Turnover

Turnover comprises revenue recognised by the LLP in respect of rental income received during the year.

1.4 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation. Individual assets are amortised to the profit and loss account over their estimated economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	5% straight line
Assets in the course of construction	-	see below

Assets in the course of construction are not depreciated until they are brought into use. Once the assets have been brought in to use they are reclassified and depreciated in line with the remaining assets of the LLP.

FUTURE FUELS NO.1 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

1. ACCOUNTING POLICIES (continued)

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Taxation

The taxation payable on the partnership profits is the personal liability of the members during the year and consequently neither taxation nor related deferred taxation are accounted for in the financial statements.

Amounts retained for tax are treated in the same way as other profits of the partnership and are so included in "Members' interests" or in "Loans and other debts due to members" depending on whether or not division of profits has occurred.

1.8 Members' capital

The financial statements have been prepared in accordance with the requirements of FRS 25 as applied to limited liability partnerships by the applicable SORP. Since the profits of the limited liability partnership are, under the terms of the LLP Agreement, distributed at the discretion of the LLP, FRS 25 requires members' capital to be disclosed as equity.

1.9 Members' remuneration

Members' remuneration is any outflow of benefits to a member. Where the payment of any remuneration is not at the discretion of the limited liability partnership, this is charged to the profit and loss account as an expense.

2. TURNOVER

99.6% of the entity's turnover (2015 - 99.7%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging:

	2016	2015
	£	£
Amortisation - intangible fixed assets	60	60
Depreciation of tangible fixed assets:		
- owned by the LLP	223,689	1,598,478
Impairment of fixed assets	18,127,322	-
Auditor's remuneration	5,000	5,000
Members' emoluments	7,500	10,000

FUTURE FUELS NO.1 LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2016**

4. INFORMATION IN RELATION TO MEMBERS

	2016 Number	2015 Number
The average number of members during the period was	290	240

5. INTANGIBLE FIXED ASSETS

	Software licences £
Cost	
At 6 April 2015 and 5 April 2016	180
Amortisation	
At 6 April 2015	120
Charge for the year	60
At 5 April 2016	180
Net book value	
At 5 April 2016	-
At 5 April 2015	60

FUTURE FUELS NO.1 LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2016**

6. TANGIBLE FIXED ASSETS

	Freehold land £	Assets in the course of construction £	Plant and machinery £	Total £
Cost				
At 6 April 2015	7,168,949	19,891,706	10,017,977	37,078,632
Disposals	(3,333,333)	-	(10,017,977)	(13,351,310)
Transfer to current assets	1,764,384	(1,764,384)	-	-
At 5 April 2016	5,600,000	18,127,322	-	23,727,322
Depreciation				
At 6 April 2015	-	-	1,598,478	1,598,478
Charge for the year	-	-	223,689	223,689
On disposals	-	-	(1,822,167)	(1,822,167)
Impairment charge	-	18,127,322	-	18,127,322
At 5 April 2016	-	18,127,322	-	18,127,322
Net book value				
At 5 April 2016	5,600,000	-	-	5,600,000
At 5 April 2015	7,168,949	19,891,706	8,419,499	35,480,154

Assets in the course of construction has been fully impaired on the grounds that the designated members now consider it unlikely that they will ever be completed and brought into use. The consequence of this are set out in note 11, Contingent Liabilities.

7. FIXED ASSET INVESTMENTS

	Other fixed asset investments £
Cost or valuation	
At 6 April 2015 and 5 April 2016	9,107,314
Impairment	
At 6 April 2015	9,104,805
Charge for the year	2,508
At 5 April 2016	9,107,313
Net book value	
At 5 April 2016	1
At 5 April 2015	2,509

FUTURE FUELS NO.1 LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2016**

8. DEBTORS

	2016	2015
	£	£
Other debtors and prepayments	13,391,377	5,754,226

Included in debtors is the sum of £11,923,662 due from Vireol Limited, a Related Party (note 12). Although it is not expected that this sum will be recovered in cash, the asset is considered to be fully recoverable by way of offset against an equal sum due from the LLP to Vireol Limited, included in "Other loans", in note 9. There is no contractual right of offset, and consequently, the two sums have not been netted off.

**9. CREDITORS:
Amounts falling due within one year**

	2016	2015
	£	£
Bank loans and overdrafts	-	1
Other loans	16,310,510	26,781,315
Trade creditors	362,419	367,554
Other creditors	940,262	3,353,422
	17,613,191	30,502,292

Other loans include an amount of £11,923,662, the payment of which is to be dealt with by way of offset as set out in note 8. Because there is no contractual right of offset, the amounts are included in full pending agreement from the counter-party.

FUTURE FUELS NO.1 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

10. RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital (classified as equity) £	Other reserves £	Loans and debts due to members less any amounts due from members in debtors £	Total £
Members' interests: balance at 6 April 2014	149,471,108	(14,819,079)	(50,000)	134,602,029
Loss for the year available for discretionary division among members	-	(127,198,861)	-	(127,198,861)
Members' interests after loss for the year	149,471,108	(142,017,940)	(50,000)	7,403,168
Amounts introduced by members	-	-	50,000	50,000
Capital amounts introduced by members	3,296,229	-	-	3,296,229
Members' interests: balance at 6 April 2015	152,767,337	(142,017,940)	-	10,749,397
Loss for the year available for discretionary division among members	-	(9,954,938)	-	(9,954,938)
Members' interests after loss for the year	152,767,337	(151,972,878)	-	794,459
Amounts repaid by members	-	-	-	-
Capital amounts introduced by members	704,506	-	-	704,506
Members' interests at 5 April 2016	153,471,843	(151,972,878)	-	1,498,965

11. CONTINGENT LIABILITIES

The LLP is engaged in ongoing activity, including activity related to defending the Members in connection with possible claims by HM Revenue & Customs ("HMRC"). Costs suffered by the LLP are charged to the profit and loss account as they arise to the extent that they are payable by the LLP. The full costs of these matters cannot be ascertained with any degree of certainty, as they depend of the actions taken by HMRC, and consequently, no provision has been made in respect of such costs.

The LLP has fully provided against the cost of its assets in the course of construction. The raising of funds for the completion of this bio-ethanol project has been hindered by many external factors, not least oil prices and regulations concerning fuel bio-ethanol content. Significant project funding from Future Capital Project Finance Ltd (a related party as set out in note 12) amounting to £17,451,960 becomes due for repayment only when certain conditions are met. One such condition is the financial close of the project build. Unless and until financial close occurs in relation to the bio-ethanol project build, this loan is not repayable, and because that completion is not anticipated to be possible, the loan has been written out of the accounts. Never the less, the loan together with all accrued interest is fully payable in the unlikely event that the project completes. In such a situation, the asset would also be re-instated to its cost or value.

FUTURE FUELS NO.1 LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

12. RELATED PARTY TRANSACTIONS

Future Capital Partners ('FCP') Limited, Future Capital Partners (FS) Limited ('FCPFS'), Future Capital Project Finance Limited ('FCPF'), Cocoon Investments Limited ('Cocoon'), Cocoon Investment Holdings Limited ('CIHL'), Ethanol Ventures Limited ('EVL') and Vireol Limited ('Vireol') are related parties of the LLP by virtue of T Levy being a common director of each of these entities and to the Designated Members.

During the year, FCP issued a short term loan to the LLP. At the balance sheet date amounts due to FCP were £nil (2015 - £nil). During the year, interest and charges relating to the loan amounted to £848,235 (2015 - £700,658).

In April 2015 the Consultancy Agreement with FCP was transferred to Cocoon. During the period, consultancy fees prepaid in previous periods of £2,123,886 (2015 - £1,908,323) were expensed to the profit and loss account. In addition, support fees of £nil (2015 - £632,984) and loan note fees of £3,659 (2015: £39,443) were charged by FCP in the period. As at the year end, the LLP owed FCP £nil (2015 - £200,825) in relation to these fees. In addition Cocoon charged the LLP consultancy fees of £50,250 (2015 - £nil), support fees of £923,199 (2015 - £nil) in respect of recharged expenses, and loan note fees of £88,724 (2015 - £nil).

During the year, FCPFS charged the LLP operator fees of £1,935,863 (2014 - £450,469), of which £nil (2015 - £224,740) were outstanding at the balance sheet date.

FCPF previously provided a short term loan to the LLP. At the balance sheet date amounts due to FCPF were considered to be £nil (2015 - £16,603,725) due to £17,451,960 being written off in the period as further explained in note 11. During the year, interest and charges relating to the loan amounted to £848,235 (2015 - £778,836).

During the period, the LLP paid EVL £70,560 in exchange for the assignment of debt totalling £14,111,907 due from Vireol. In addition, the LLP paid CIHL £60,180 in exchange for the assignment of debt totalling £12,035,943 due from Vireol. A significant amount of this debt was written off as a bad debt in the period, the result being that a debtor of £11,923,662 is shown as due from Vireol as at the balance sheet date.

In 2012 Vireol Limited provided a short term loan to the LLP. At the balance sheet date amounts due to Vireol Limited were £8,878,618 (2015 - £6,170,117). During the year, interest and charges relating to the loan amounted to £2,708,501 (2014 - £1,596,811).

During the year Vireol provided a short term loan to the LLP. At the balance sheet date amounts due to Vireol were £5,037,677. During the year, interest and charges relating to the loan amounted to £453,878.

During the year, the LLP loaned Vireol Bio Energy LLC, related due to T Levy being a director of its parent, additional sums totalling £8,704,850 (2015 - £4,784,457). This balance was written off in the year. At the balance sheet date amounts due from Vireol Bio Energy LLC were £nil.