REGISTERED NUMBER· 06894585 (England and Wales)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

FOR

KINGSTON RESEARCH LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2012

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COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS.	Dr I D Dobson C H Wilks J Koninckx Mrs C L Kennedy
REGISTERED OFFICE	Saltend Checmicals Park Saltend Hull HU12 8DS
REGISTERED NUMBER	06894585 (England and Wales)
AUDITORS.	Ernst & Young LLP 24 Marina Court Castle Street Hull HU1 1TJ

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY
The company's principal activity during the period was the operation of a biobutanol pilot plant

REVIEW OF BUSINESS
The company is a 50 50 joint venture between BP Biofuels UK Limited and DuPont (UK) Limited
The management and strategy of the company is set out in the joint venture agreement between the two parties above

In June 2009, the company commenced construction of a demonstration Biobutanol plant Commissioning ceased and the plant was handed over to operations in January 2012

At 31 December 2012, the value of work completed on the plant totalled £30,094,445 with an additional £1,544,888 of finance costs, relating to interest on loans received by the company from the joint venture partners, also being capitalised giving a total value of the plant of £31,639,333

At 31 December 2012, the company had loans outstanding to the joint venture partners totalling £13,797,653
Repayment of these loans began in the year ending 31 December 2012 Interest accrues on these loans at 5% per annum and is paid on a monthly basis to the joint venture partners

In the year to 31 December 2012, the company has incurred a number of necessary overhead costs which under the terms of the joint venture agreement between BP Biofuels UK Limited and DuPont (UK) Limited are being recharged to Butamax Advanced Biofuels LLC, a joint venture between BP PLC and E I du Pont de Nemours and Company These recharges attract a markup of between 5% and 7 5% dependant on the type of cost

The markup of overhead recharges, the capitalisation of finance costs and the correction costs has resulted in a net profit before tax of £488,753

The company's key performance indicators are safety, the completion of experimentation to migrate technology risks and capital project implementation

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2012

RESEARCH AND DEVELOPMENT
Research and development commenced in December 2010

Any expenditure incurred relating to research has, and in the future will be, expensed as it is incurred

In the year, research and development totalling £5,040,081 has been expensed in the income statement

FUTURE DEVELOPMENTS
The plant was commissioned in January 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

Dr I D Dobson
C H Wilks
J Koninckx
Mrs C L Kennedy

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to agree the terms of payment with suppliers on the commencement of a business relationship, and to settle invoices in accordance with those terms

At 31 December 2012, the number of trade creditor days outstanding was 51 days

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks of the business are safety during the construction and supplier stability in an environment of global recession In addition any political, economic or commercial changes may impact the strategy of the joint venture

The main financial risks faced by the company through its normal activities are currency risk and liquidity risk The management of these risks is performed by the joint venture partners

Safety and Operational Risk

As a 50 50 BP/DuPont joint venture, the company is committed to effectively managing Safety and Operational Risks The company's operations include the use of hazardous materials at temperatures and pressures above ambient and atmospheric There are other hazards and risks associated with working in an industrial environment eg slips, trips and falls and vehicle movement The company is fully integrated into BP's extensive risk management processes and as such are monitored for compliance All identified risks are listed, assessed as to severity and a risk reduction/mitigation plan is in place

Currency Risk

Fluctuations in exchange rates can have significant effects on the company's reported profit The company's financial assets and liabilities give rise to transactional currency exposure Such exposures arise from transactions in a currency other than the company's functional currency The management of such risk is performed by both joint venture partners

Liquidity Risk

Liquidity risk is the risk that sources of funding for the company's business activities may not be available This risk is managed by the joint venture partners and as such the company has access to the resources of the joint venture partners

Credit Risk

The company's exposure to credit risk arises mainly from receivables and cash holdings Receivables are monitored on an ongoing basis via management reporting procedures and action is taken to recover debts when due There was no overdue unimpaired debt at the year end The maximum potential exposure is the carrying amount The company's cash holdings are all held with major financial institutions whose financial status is regularly reviewed The company's exposure to credit risk here is the remote possibility of default of the deposit taker, with a maximum exposure equal to the carrying value of these holdings

Technology Risk

The proprietary biobutanol process includes several process steps which have not been used in large scale biofuel processes before This brings inherent technology risks which are partially mitigated by pre-dating process development efforts at smaller scales

GOING CONCERN

These accounts have been prepared under the going concern principle although the current liabilities of the company exceed its current assets

The company is reliant on the continued support of its shareholders through the joint venture agreement they have entered into The directors are confident that such will continue to be provided and consider that the going concern concept continues to be appropriate and has therefore been applied

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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 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 judgements 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 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

ON BEHALF OF THE BOARD.

C H Wilks - Director

25 September 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KINGSTON RESEARCH LIMITED

We have audited the financial statements of Kingston Research Limited for the year ended 31 December 2012 on pages seven to twenty two 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 a Report of the Auditors and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 Report of the Directors 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 31 December 2012 and of its profit 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Ernst Young LLP

Richard Frostick (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
24 Marina Court
Castle Street
Hull
HU1 1TJ

Date 27 Sept 2013

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	31 12 12 £	31 12 11 £
CONTINUING OPERATIONS			
Revenue	3	14,615,523	10,254,254
Other operating income		169,894	165,943
Administrative expenses		(13,476,116)	(9,978,925)
OPERATING PROFIT		1,309,301	441,272
Finance costs	5	(820,548)	(398,202)
PROFIT BEFORE INCOME TAX	6	488,753	43,070
Income tax	7	1,039,229	(2,775,714)
PROFIT/(LOSS) FOR THE YEAR		1,527,982	(2,732,644)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,527,982	(2,732,644)

The notes form part of these financial statements

KINGSTON RESEARCH LIMITED (REGISTERED NUMBER· 06894585)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

	Notes	31 12 12 £	31 12 11 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,845,964	25,652,027
CURRENT ASSETS			
Trade and other receivables	9	2,712,209	2,537,259
Cash and cash equivalents	10	409,593	499,062
		3,121,802	3,036,321
TOTAL ASSETS		23,967,766	28,688,348
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	5,160,000	5,160,000
Retained earnings	12	(3,751,493)	(5,279,475)
TOTAL EQUITY		1,408,507	(119,475)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	11,637,653	11,508,652
Deferred tax	15	4,564,621	6,322,934
		16,202,274	17,831,586
CURRENT LIABILITIES			
Trade and other payables	13	3,269,561	1,622,246
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	2,160,000	9,042,512
Tax payable		927,424	311,479
		6,356,985	10,976,237
TOTAL LIABILITIES		22,559,259	28,807,823
TOTAL EQUITY AND LIABILITIES		23,967,766	28,688,348

The financial statements were approved by the Board of Directors on 25 September 2013 and were signed on its behalf by

C H Wilks - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2011	5,160,000	(2,546,831)	2,613,169
Changes in equity			
Total comprehensive income	-	(2,732,644)	(2,732,644)
Balance at 31 December 2011	5,160,000	(5,279,475)	(119,475)
Changes in equity			
Total comprehensive income	-	1,527,982	1,527,982
Balance at 31 December 2012	5,160,000	(3,751,493)	1,408,507

The notes form part of these financial statements

KINGSTON RESEARCH LIMITED (REGISTERED NUMBER· 06894585)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

		31 12 12	31 12 11
		£	£
Cash flows from operating activities			
Cash generated from operations	1	8,886,311	1,851,150
Interest paid		(820,548)	(398,202)
Tax paid		(103,139)	-
Net cash from operating activities		7,962,624	1,452,948
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,782,582)	(3,158,748)
Net cash from investing activities		(1,782,582)	(3,158,748)
Cash flows from financing activities			
Loan repayments in year		(6,753,511)	-
Government Grants		484,000	484,000
Net cash from financing activities		(6,269,511)	484,000
Decrease in cash and cash equivalents		(89,469)	(1,221,800)
Cash and cash equivalents at beginning of year	2	499,062	1,720,862
Cash and cash equivalents at end of year	2	409,593	499,062

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31 12 12	31 12 11
	£	£
Profit before income tax	488,753	43,070
Depreciation charges	6,588,645	3,813,307
Finance costs	820,548	398,202
	7,897,946	4,254,579
Increase in trade and other receivables	(174,950)	(1,097,550)
Increase/(decrease) in trade and other payables	1,163,315	(1,305,879)
Cash generated from operations	8,886,311	1,851,150

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 December 2012

	31 12 12	1 1 12
	£	£
Cash and cash equivalents	409,593	499,062

Year ended 31 December 2011

	31 12 11	1 1 11
	£	£
Cash and cash equivalents	499,062	1,720,862

The notes form part of these financial statements

1 GENERAL INFORMATION

Kingston Research Limited is a Company incorporated in England and Wales The address of the registered office and registered number of the Company are disclosed on page 1 of these financial statements The principal activities of the Company are described in the Directors report

The functional and presentational currency of the Company is £ sterling

continued

2 ACCOUNTING POLICIES

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 2012 and applied in accordance with the Companies Act 2006 IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board (IASB) However the financial statements for the period presented would be no different had the company applied IFRS as issued by the IASB References to IFRS hereafter should be construed as references to IFRS as adopted by the EU The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2012

The financial statements are presented in sterling and all values are rounded to the nearest pound except where otherwise indicated

These financial statements are prepared on the historical cost convention except for certain financial assets and liabilities which 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

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
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 "

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

- IFRS 7 - Disclosures - Transfers of Financial Assets (amendment) effective 1 July 2011
- IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amendment) effective 01July 2011
- IAS 12 - Deferred Tax Recovery of Underlying Assets (amendment) effective 1 January 2012

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 statement

- IFRS 9 - Financial instruments (effective for accounting periods beginning from 1 January 2015

continued

- IFRS 10 - Consolidated Financial Statements (effective for accounting periods beginning from 1 January 2013)
- IFRS 11 - Joint Arrangements (effective for accounting periods beginning from 1 January 2013)
- IFRS 12 - Disclosure of interests in other entities (effective for accounting periods beginning from 01 January 2013)
- IFRS 13 - Fair Value Measurement (effective for accounting periods beginning from 1 January 2013)
- IAS 27 (Revised) - Separate Financial Statements (effective for accounting periods beginning from 1 January 2013)
- IAS 28 (Revised) - Investments in Associates and Joint Ventures (effective for accounting periods beginning from 1 January 2013)
- IAS 1 (Amendment) - Presentation of Items of Other Comprehensive Income (effective for accounting periods beginning from 1 July 2012)
- IAS 19 (Revised) - Employee Benefits (effective for accounting periods beginning from 1 January 2013)
- Amendment to IAS ew - Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning from 1 January 2014)
- IFRS 7 (Amendment)- Disclosures - Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning from 1 January 2013)
- IFRS 7 and IFRS 9 (Amendment) - Mandatory Effective Date and Transition Disclosures (effective for accounting periods beginning from 1 January 2015)
- IFRIC Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning from 1 January 2013)
- Amendments to IFRS 1 - Government Loans (effective for accounting periods beginning from 1 January 2013)
- Annual Improvements to IFRSs 2009-2011 Cycle (effective for accounting periods beginning from 1 January 2013)

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

Revenue recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and that the revenue can be reliably measured Revenue is measured at the fair value of consideration received or receivable, excluding Value Added Tax (VAT)

Property, plant and equipment
Property, plant and equipment are carried at cost Cost comprises purchase price and directly attributable costs in order to bring it to the location and condition to be operated in the intended manner

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 the asset can be reliably estimated

continued

2 **ACCOUNTING POLICIES - continued**

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

Interest

Interest costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the asset is substantially ready for their intended use

All other interest costs are dealt with in the income statement for the period

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

Taxation
Tax on the profit or loss for the year comprises current and deferred tax Tax is charged or credited to the income statement, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity

Current tax is the expected tax payable on the taxable profits for the period, using tax rates enacted or substantially enacted by the balance sheet date, and any adjustments in respect of prior years

Deferred tax represents the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits

Deferred tax liabilities are generally recognised on all temporary timing differences, except where the difference arises from the initial recognition of goodwill arising on a business combination
Deferred tax assets are recognised only to the extent that the Directors consider it more probable than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply to the period in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

The Finance Act 2012 received Royal Assent on 17 July 2012 and announced a reduction in the main rate of corporation tax from 26% to 24% from 01 April 2012 and a further reduction to 23% from 01 April 2013 Deferred tax has therefore been calculated at 23% It is currently also expected that further reductions will result a decrease in the main rate of corporation tax to 21% by 01 April 2014 and 20% by 01 April 2015 This is not expected to have a material effect on the deferred tax provided in the statement of financial position

continued

2 **ACCOUNTING POLICIES - continued**

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

Financial risk management
Currency Risk
Fluctuations in exchange rates can have significant effects on the company's reported profit The company's financial assets and liabilities give rise to transactional currency exposure Such exposures arise from transactions in a currency other than the company's functional currency The management of such risk is performed by both joint venture partners

Liquidity Risk
Liquidity risk is the risk that sources of funding for the company's business activities may not be available This risk is managed by the joint venture partners and as such the company has access to the resources of the joint venture partners

Credit Risk
The company's exposure to credit risk arises mainly from receivables and cash holdings Receivables are monitored on an ongoing basis via management reporting procedures and action is taken to recover debts when due There was no overdue unimpaired debt at the year end The maximum potential exposure is the carrying amount The company's cash holdings are all held with major financial institutions whose financial status is regularly reviewed The company's exposure to credit risk here is the remote possibility of default of the deposit taker, with a maximum exposure equal to the carrying value of these holdings

Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain estimates It also requires management to exercise its judgement in the process of applying the company's accounting policies Estimates and judgements are continually reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances

Useful lives of property, plant and equipment
The company's management has used its judgement and knowledge of the business in determining the useful economic life of property, plant and equipment The depreciation charge will commence when the asset is brought into use, and will be determined appropriately

In the year to 31 December 2012, the useful economic lifes of all assets were increased by 3 5 years to 30 June 2017 This increase in useful life has been made to reflect the extension of the project to this date The effect of this increase has reduced the depreciation charged in the year by £3,060,447

In the year to 31 December 2012, assets that have been brought into use are being depreciated at 20%

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

continued

2 ACCOUNTING POLICIES - continued

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

3 SEGMENTAL REPORTING

The company has only one segment, this being research into the production of biobutanol which is shown in the company's income statement

The company operates in one geographical area, the United Kingdom

4 EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2012 nor for the year ended 31 December 2011

The average monthly number of employees during the year was as follows

	31 12 12	31 12 11
Directors	4	4

	31 12 12	31 12 11
	£	£
Directors' remuneration	-	-

5 NET FINANCE COSTS

	31 12 12	31 12 11
	£	£
Finance costs		
Bank interest	(3,556)	1,582
Interest on JV loans	824,104	1,027,558
Interest capitalised	-	(630,938)
	820,548	398,202

6 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting)

	31 12 12	31 12 11
	£	£
Depreciation - owned assets	6,588,645	3,813,307
Auditors' remuneration	9,500	5,000
Foreign exchange differences	734	21,613
Government grants	(169,894)	(165,943)

continued

7 INCOME TAX

Analysis of tax (income)/expense

	31 12 12	31 12 11
	£	£
Current tax		
Tax	927,424	311,479
Adjustments in respect of prior periods	(208,340)	-
Total current tax	719,084	311,479
Deferred tax	(1,758,313)	2,464,235
Total tax (income)/expense in statement of comprehensive income	(1,039,229)	2,775,714

Factors affecting the tax expense

The tax assessed for the year is lower (2011 - higher) than the standard rate of corporation tax in the UK The difference is explained below

	31 12 12	31 12 11
	£	£
Profit on ordinary activities before income tax	488,753	43,070
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 497% (2011 - 26 500%)	119,730	11,414
Effects of		
Capital allowances in excess of depreciation	-	300,065
Deferred tax	(1,758,313)	2,464,235
Depreciation in excess of capital allowances	1,095,714	-
Research and development tax credits	(288,021)	-
Adjustments in respect of prior year	(208,339)	-
Tax (income)/expense	(1,039,229)	2,775,714

continued

8 PROPERTY, PLANT AND EQUIPMENT

	Plant & equipment £
COST	
At 1 January 2012	29,856,751
Additions	1,782,582
At 31 December 2012	31,639,333
DEPRECIATION	
At 1 January 2012	4,204,724
Charge for year	6,588,645
At 31 December 2012	10,793,369
NET BOOK VALUE	
At 31 December 2012	20,845,964
At 31 December 2011	25,652,027

Included within the cost of property,plant and equipment in the course of construction is £1,544,888 of interest which has been capitalised

This interest has arisen from loans received from the joint venture partners in the period

9 TRADE AND OTHER RECEIVABLES

	31 12 12 £	31 12 11 £
Current		
Trade debtors	2,461,861	2,350,615
VAT	161,616	99,808
Prepayments and accrued income	88,732	86,836
	2,712,209	2,537,259

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

10 CASH AND CASH EQUIVALENTS

	31 12 12 £	31 12 11 £
Bank accounts	409,593	499,062

continued

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 12 12 £	31 12 11 £
5,160,000	Ordinary	£1 00	5,160,000	5,160,000

12 RESERVES

	Retained earnings £
At 1 January 2012	(5,279,475)
Profit for the year	1,527,982
At 31 December 2012	(3,751,493)

13 TRADE AND OTHER PAYABLES

	31 12 12 £	31 12 11 £
Current		
Trade creditors	1,187,763	144,077
Accruals and deferred income	2,081,798	1,478,169
	3,269,561	1,622,246

14 FINANCIAL LIABILITIES - BORROWINGS

	31 12 12 £	31 12 11 £
Current		
Other loans	2,160,000	9,042,512
Non-current		
Other loans more then 1 year	11,637,653	11,508,652

Terms and debt repayment schedule

	1 year or less £	1-2 years £	More than 5 years £	Totals £
Other loans	2,160,000	3,325,044	8,312,609	13,797,653

continued

14 FINANCIAL LIABILITIES - BORROWINGS - continued

Financial liabilities are accounted at cost and denominated in Sterling

The company has no derivative financial instruments

The carrying value of financial liabilities is equal to their fair values

The balance of the loan of £13,797,653 is at a fixed interest rate of 5% per annum Repayment of this loan began in the year ending 31 December 2012

15 DEFERRED TAX

The company has provided deferred tax amounting to £4,564,621 as set out below

	31 12 12	31 12 11
	£	£
Balance at 1 January	6,322,934	3,858,699
Accelerated capital allowances	(1,028,744)	(803,515)
Recognition of tax loss carried forward	-	3,267,750
Change in corporation tax rate	(729,569)	-
Balance at 31 December	4,564,621	6,322,934

continued

16 RELATED PARTY DISCLOSURES

BP Biofuels UK Ltd and Du Pont (UK) Ltd each own 50% of the Company

During the year, the company has been partly funded by a loan from BP Biofuels UK Limited, a shareholder of the company At 31 December 2012, £6,898,826 (2011 - £10,275,582) was outstanding Loan interest is payable at 5% per annum on this amount and in the year to 31 December 2012, interest totalling £419,453 (2011 - £513,779) has been paid by the company to BP Biofuels UK Limited At 31 December 2012, £15,121 (2011 - £22,522) of interest is accrued in respect of this loan

During the year, the company has been partly funded by a loan from DuPont (UK) Limited, a shareholder of the company At 31 December 2012, £6,898,826 (2011 - £10,275,582) was outstanding Loan interest is payable at 5% per annum on this amount and in the year to 31 December 2012, interest totalling £419,453 (2011 - £513,779) has been paid by the company to DuPont (UK) Limited At 31 December 2012, £15,121 (2011 - £22,522) of interest is accrued in respect of this loan

During the year, the company's ongoing operating costs have been reimbursed together with a profit element by Butamax Advanced Biofuels LLC, a company related to the ultimate parent companies of both of the company's shareholders During the year the total amount invoiced to Butamax Advanced Biofuels LLC was £15,976,615 (2011 - £10,254,254) At 31 December 2012, £2,461,861 (2011 - £2,350,615) was owed to the company

During the year, the company has purchased goods and services from BP Biofuels UK Limited, a shareholder of the company, totalling £521,999 (2011 - £Nil) At 31 December 2012, £190,822 (2011 - £Nil) was owed by the company to BP Biofuels UK Limited

During the year, the company has purchased goods and services from DuPont (UK) Limited, a shareholder of the company, totalling £1,475,823 (2011 - £1,684,254) At 31 December 2012, £342,482 (2011 - £113,919) was owed by the company to DuPont (UK) Limited

During the year, the company has purchased goods and services from BP Chemicals Limited, a company also under the control of BP PLC the ultimate holding company of BP Biofuels UK Limited, totalling £6,405,131 (2011 - £4,019,078) At 31 December 2012, £583,047 (2011 - £Nil) was owed by the company to BP Chemicals Limited

During the year, the company has purchased goods and services from E I du Pont de Nemours and Company, the ultimate holding company of DuPont (UK) Limited, totalling £133,526 (2011 - £428,241) At 31 December 2012, £64,743 (2011 - £Nil) was owed by the Company to E I du Pont de Nemours and Company Transactions with E I du Pont de Nemours and Company are invoiced to the company in US$ and are translated at the rate prevailing at the date of the invoice