

**Company Registration No. 05531573**

**Living Fuels Limited**

**Annual Report and Financial Statements**

**30 June 2011**



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# **Living Fuels Limited**

## **Annual report and financial statements 2011**

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# **Living Fuels Limited**

## **Officers and professional advisers**

### **Directors**

A Whalley  
D Crockford  
I Collins  
R Murphy  
S Booth

### **Secretary**

D Crockford

### **Bankers**

Bank of Scotland  
155 Bishopsgate Exchange  
London  
EC2M 3YB

### **Registered Office**

2 Station View  
Guildford  
Surrey  
GU1 4JY

### **Independent auditor**

Deloitte LLP  
Chartered Accountants  
Global House  
High Street  
Crawley  
RH10 1DL

# **Living Fuels Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2011

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Further information can be found regarding the basis of preparation of these financial statements in note 1

### **Principal activity**

The principal activity of the company in the year under review was the collection and processing of waste cooking oil into LF100, which is used as fuel by another Group company to generate electricity

### **Results and dividends**

The loss for the year, after taxation, was £690,057 (2010 - loss £780,610)

The directors do not recommend the payment of a dividend (2010 - £nil)

### **Directors**

The directors who served throughout the year were as follows

A Whalley  
D Crockford  
R Murphy  
I Collins  
S Booth

### **Independent auditor and statement of provision of information to the independent auditor**

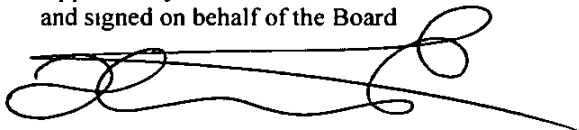
Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed as the forthcoming Annual General Meeting

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors  
and signed on behalf of the Board



D Crockford  
Director

9 December 2011

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## **Living Fuels Limited**

### **Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Living Fuels Limited**

We have audited the financial statements of Living Fuels Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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, 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 annual report 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 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other 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.

### **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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Director's report.



Darren Longley FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Crawley, United Kingdom

9 December 2011

## Living Fuels Limited

### Profit and loss account For the year ended 30 June 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	1,067,686	703,482
Cost of sales		(1,451,642)	(1,138,790)
<b>Gross loss</b>		(383,956)	(435,308)
Administrative expenses		(564,416)	(620,254)
<b>Operating loss</b>	3	(948,372)	(1,055,562)
Interest receivable		266	106
Interest payable and similar charges		-	(1,230)
<b>Loss on ordinary activities before taxation</b>		(948,106)	(1,056,686)
Tax credit on loss on ordinary activities	5	258,049	276,076
<b>Loss on ordinary activities after taxation</b>	12	(690,057)	(780,610)

All items in the above statement derive from continuing operations

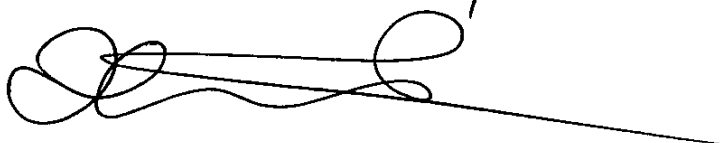
There are no further recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given

# Living Fuels Limited

## Balance sheet As at 30 June 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	1,637,641	1,347,062
<b>Current assets</b>			
Stocks	7	110,059	71,719
Debtors	8	1,975,650	892,683
Cash at bank and in hand		12,399	40,240
<b>Creditors: amounts falling due within one year</b>	9	2,098,108 (4,156,620)	1,004,642 (2,082,518)
<b>Net current liabilities</b>		(2,058,512)	(1,077,876)
<b>Net (liabilities) / assets</b>		(420,871)	269,186
<b>Capital and reserves</b>			
Called up share capital	11	2,000,000	2,000,000
Profit and loss account	12	(2,420,871)	(1,730,814)
<b>Shareholder's (deficit) / funds</b>		(420,871)	269,186

The financial statements of Living Fuels Limited, registered number 05531573 were approved by the board of directors and authorised for issue on 9 December 2011



D Crockford  
Director



# **Living Fuels Limited**

## **Notes to the accounts For the year ended 30 June 2011**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group.

#### **Basis of preparation**

The accounts have been prepared on the basis the company is a going concern, which the Directors' consider appropriate for the following reasons:

The company produces a patented fuel, LF100 from Waste Cooking Oil, which it sells to another Group company. Costs incurred during the initial research and development stage and the input costs of Waste Cooking Oil have resulted in losses. The company has now matured and ongoing costs have reduced. Furthermore, the STOR contract held within the group provides secure demand for the Company's LF100 until April 2013.

As a result of the Company's operating model, it is reliant on the continued support from other Group companies. Having made enquiries, the Directors are satisfied that the intent and ability to provide this support is available, and that it will enable the Company to continue to meet its liabilities as they fall due.

#### **Turnover**

Turnover represents the value of LF100 sold during the year, excluding value added tax, in the UK.

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### **Tangible fixed assets**

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Depreciation is provided on all tangible fixed assets at the following rates in order to write off each asset over its estimated useful life. The rates of depreciation are as follows:

Leasehold improvements	- term of the lease
Plant and machinery	- 5 to 20 years
Fixtures, fittings and equipment	- 4 years

Assets in the course of construction are not depreciated. Depreciation commences when assets are transferred to depreciable categories of fixed assets on bringing them to full working condition.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

# Living Fuels Limited

## Notes to the accounts For the year ended 30 June 2011

### 1. Accounting policies (continued)

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Leases and hire purchase commitments

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term. The interest element of the rental obligations are charged to the profit and loss account over the period of the leases.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3. Loss on ordinary activities

	2011 £	2010 £
<b>Loss on ordinary activities is stated after charging:</b>		
Depreciation and amortisation		
Owned assets	87,511	49,869
Assets held under hire purchase agreements	-	-
Rentals under operating leases		
Other operating leases	44,000	16,200
Auditors' remuneration		
audit fees	10,000	8,000
	<u>10,000</u>	<u>8,000</u>
<b>The analysis of auditors' remuneration is as follows:</b>		
Fees payable to the company's auditors for the audit of the company's annual accounts	10,000	8,000
	<u>10,000</u>	<u>8,000</u>

The audit fee of £10,000 (2010 - £8,000) for the audit of the company's financial statements was borne by the parent company in the prior year.

## Living Fuels Limited

### Notes to the accounts For the year ended 30 June 2011

#### 4. Information regarding directors and employees

##### Directors:

	2011 £	2010 £
Directors' emoluments and other benefits	-	-

All Directors emoluments are borne by the immediate parent company, REG Bio-Power UK Limited

##### Staff costs

	£	£
Staff costs in respect of employees were:		
Wages and salaries	81,980	72,116
Social security costs	8,246	7,343
Other pension costs	277	-
	<u>90,503</u>	<u>79,459</u>

##### Average number of employees (excluding directors) during the period was:

	No.	No.
Production	<u>3</u>	<u>3</u>

# Living Fuels Limited

## Notes to the accounts For the year ended 30 June 2011

### 5. Tax credit on loss on ordinary activities

#### (a) Tax credit on loss on ordinary activities

The tax credit is made up as follows

	2011 £	2010 £
<b>Current tax</b>		
United Kingdom corporation tax at 27.5% (2010 – 28%) based on the profit for the year	(236,202)	(276,076)
Adjustments in respect of prior years	(21,847)	-
	<u>(258,049)</u>	<u>(276,076)</u>
Tax credit in profit & loss	<u>(258,049)</u>	<u>(276,076)</u>

#### (b) Factors affecting current tax credit

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK 27.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before taxation	(948,106)	(1,056,686)
Theoretical tax at UK corporation tax rate of 27.5% (2010 - 28%)	(260,729)	(295,872)
Effects of		
- Expenses not deductible for taxation purposes	4,027	(41)
- Capital allowances less than depreciation	24,065	14,248
- Research and development payable credit	(3,565)	-
- Adjustment in respect of prior years	(21,847)	-
- Losses carried forward	-	5,589
	<u>(258,049)</u>	<u>(276,076)</u>
Actual current tax credit	<u>(258,049)</u>	<u>(276,076)</u>

#### (c) Factors affecting future tax charge

The Company has an unrecognised deferred tax asset of £201,151 (2010 - £198,148). The asset arises from trading losses and depreciation in excess of capital allowances. A deferred tax asset has not been recognised in respect of these items as recoverability is uncertain.

# Living Fuels Limited

## Notes to the accounts For the year ended 30 June 2011

### 6. Tangible fixed assets

	Leasehold Improvements	Plant and machinery	Assets in the course of construction	Fixtures, fittings and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2010	32,018	264,862	1,064,127	75,268	1,436,275
Additions	-	101,725	276,071	294	378,090
Disposals	-	-	-	-	-
Transfers	-	1,340,198	(1,340,198)	-	-
	<u>32,018</u>	<u>1,706,785</u>	<u>-</u>	<u>75,562</u>	<u>1,814,365</u>
At 30 June 2011	32,018	1,706,785	-	75,562	1,814,365
<b>Depreciation</b>					
At 1 July 2010	19,944	50,867	-	18,402	89,213
Charge for the year	2,415	75,601	-	9,495	87,511
	<u>22,359</u>	<u>126,468</u>	<u>-</u>	<u>27,897</u>	<u>176,724</u>
At 30 June 2011	22,359	126,468	-	27,897	176,724
<b>Net book value</b>					
At 30 June 2011	<u>9,659</u>	<u>1,580,317</u>	<u>-</u>	<u>46,665</u>	<u>1,637,641</u>
At 30 June 2010	<u>12,074</u>	<u>213,995</u>	<u>1,064,127</u>	<u>56,866</u>	<u>1,347,062</u>

The fuel processing plant at Hockwold was opened with effect from 1 November 2010 and transferred to Plant and Machinery

### 7. Stocks

	2011 £	2010 £
Raw materials	<u>110,059</u>	<u>71,719</u>

### 8. Debtors

	2011 £	2010 £
Trade debtors	108,783	78,206
Corporation tax	25,412	-
Amounts owed by group undertakings	1,791,730	743,949
Other debtors	17,367	14,725
VAT	660	45,367
Prepayments and accrued income	31,698	10,436
	<u>1,975,650</u>	<u>892,683</u>

# Living Fuels Limited

## Notes to the accounts For the year ended 30 June 2011

### 9. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	100,355	59,799
Amounts owed to other group companies	4,040,011	1,985,981
Accruals	16,254	36,738
	<u>4,156,620</u>	<u>2,082,518</u>

### 10. Operating lease commitments

The company has annual land and building commitments under non-cancellable operating leases as follows

	2011 £	2010 £
<b>Operating lease which expire:</b>		
Between two and five years	<u>44,000</u>	<u>44,000</u>

### 11. Share capital

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

### 12. Reconciliation of shareholders' (deficit) / funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 1 July 2009	100	(950,204)	(950,104)
Loss for the year	-	(780,610)	(780,610)
Share issue	<u>1,999,900</u>	-	<u>1,999,900</u>
At 30 June 2010	2,000,000	(1,730,814)	269,186
Loss for the year	-	<u>(690,057)</u>	<u>(690,057)</u>
At 30 June 2011	<u>2,000,000</u>	<u>(2,420,871)</u>	<u>(420,871)</u>

### 13. Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 from providing details of related party transactions with group related parties

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## **Living Fuels Limited**

### **Notes to the accounts For the year ended 30 June 2011**

#### **14. Ultimate parent undertaking**

The ultimate parent undertaking and controlling party is Renewable Energy Generation Limited, a company incorporated in Jersey. The Registered Office of the ultimate parent undertaking is Elizabeth House, 9 Castle Street, St Helier, Jersey, JE4 2QP.

The immediate parent company is REG Bio-Power UK Limited.