Registered No. 5998024

Vivergo Fuels Limited

Report and Financial Statements

31 May 2015

Registered No: 5998024

Directors
M I Carr
D E West
L Chapman (resigned 28 February 2014)
F S Graudus (resigned 26 January 2015)
D Anderson (appointed 28 February 2014 and resigned 6 May 2015)
M Lindenhayn (appointed 26 January 2015 and resigned 6 May 2015)

Auditors
Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

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

Company secretary
Shoosmiths Secretaries Limited

The company is domiciled in England and Wales.

Strategic Report

The directors present their strategic report for the 17 month period ended 31 May 2015.

Review of the business

The company was originally formed as a joint venture between Associated British Foods plc ("ABF"), BP plc ("BP") and E. I. du Pont de Nemours and Company ("DuPont"). The management and strategy of the company is set out in a shareholder agreement.

On 6 May 2015 BP sold their stake in the company to ABF and as a result the company became a subsidiary of ABF with DuPont retaining a minority equity interest. Following this transaction, the accounting reference period for the business was extended to 31 May 2015. As a result, the comparative information for the year ended 31 December 2013 shown within this report and financial statements will not be directly comparable to the information for the 17 month period ended 31 May 2015.

During the period the company transitioned from EU-adopted International Financial Reporting Standards ("IFRS") to Financial Reporting Standard ("FRS") 101 *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under the standard. There were no material measurement or recognition differences on adoption of FRS 101.

The company's principal activities for the 17 month period continued to be the operation of a bioethanol production facility involved in the processing of wheat into ethanol and animal feed.

During the 17 month period the commissioning process for the plant was completed and a ramp-up of bioethanol production took place. Whilst plant design capability has been proven and total output volumes of ethanol and animal feed have increased performance was adversely affected by European ethanol market conditions.

The weakness in EU ethanol market price is directly linked to continued delays by individual member nations in implementing higher ethanol inclusion rates in gasoline that will be required to meet the EU Commission's targets for development of renewable energy sources by 2020.

Given the delays in meeting the EU's Renewable Energy Directive targets for biofuels and the impact that this has had on the company's financial performance, combined with continued significant uncertainty in the EU ethanol market, an impairment of £354.9m in the carrying value of the company's investment in its bioethanol plant has been recorded. The impairment charge and a £4.9m credit relating to the waiver of amounts due to a former shareholder are included as exceptional items in the company's financial statements for the period.

Including the impact of exceptional items the company made a loss before tax for the period of £437.0m (2013: £60.4m loss).

The company's key financial and other performance indicators are safety, plant availability and financial performance. The key financial performance indicators during the year were as follows:

	2014/15 17 months £'000	2013 12 months £'000
Revenue	174,684	51,807
Operating loss before exceptional items	(72,994)	(50,344)
Loss before tax	(437,018)	(60,398)

The directors consider that trading conditions in the EU ethanol market will remain challenging for the next 12-18 months but thereafter, consider that the financial performance of the business should gradually improve as the impact of increasing ethanol inclusion rates across Europe take effect and further operational efficiencies are achieved.

Strategic Report

Principal risks and uncertainties

The principal risks for the company are health, safety and environmental, commodity pricing and supply stability together with any political, economic or commercial changes that might impact the strategy of the company.

The company has implemented a thorough system of controls to minimise its exposure to the principal risks and uncertainties that it faces. These controls include both a strong system of internal governance and financial risk management activities. The operation of these controls is monitored by the Risk Management and Financial Risk Committees that have been established within the business.

The company continues to develop procedures to manage financial risks with the objectives of limiting undue counterparty exposure and managing and monitoring the exposure to changes in commodity and foreign exchange prices.

Use of forward commodity contracts

The company uses forward commodity contracts to reduce exposure to changes in commodity prices. The company has used forward contracts to purchase wheat and sell animal feed.

Exposure to price, credit and liquidity

Price risk arises on financial instruments because of changes in, for example, commodity prices or foreign exchange rates. The company's main price risks are in relation to wheat and ethanol commodity prices and the pound sterling exchange rate with the euro.

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. Credit exposures are mitigated through terms and conditions on sales contracts for ethanol which require payment within 5 business days, minimising exposures at any one point in time.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company actively manages its liquidity risk drawing on the shareholder support which provides for its long-term funding by debt and equity contributions and its banking facilities.

Supply stability

The company manages vulnerability to supply risk through the operation of strategic contracts.

Health, safety and environmental risk

The company is committed to sustaining the wellbeing of employees, suppliers, the local community and the environment. The company complies with all legal, regulatory, health, safety, security and environmental (HSSE) requirements. The production facility is an Upper Tier COMAH (Control of Major Accidents Hazards Regulations) site and as such the company will take all measures necessary to prevent major accidents involving dangerous substances.

On behalf of the Board

M I Carr
Director
26 February 2016

Directors' Report

The directors present their report and financial statements for the period ended 31 May 2015.

Directors and their interests

The current directors are shown on page 2.

The directors of the company during the period ended 31 May 2015 were;

M I Carr	
D E West	
L Chapman	- resigned 28 February 2014
F S Graudus	- resigned 26 January 2015
D Anderson	- appointed 28 February 2014 and resigned 6 May 2015
M Lindenhayn	- appointed 26 January 2015 and resigned 6 May 2015

No directors have an interest in the shares of the company.

Dividends

No dividends have been paid in the period and the directors do not recommend the payment of a final ordinary dividend (2013: £nil).

Going concern

The company continues to be loss making and has impaired the carrying value of the company's investment in its bioethanol plant in the period, due primarily to the weak EU ethanol market. This has resulted in net liabilities being shown on the company's balance sheet. Furthermore, the company's parent undertaking, ABF Investments plc, continues to provide the necessary support so together with this support the directors are of the opinion that the company has sufficient funding facilities to continue operating for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Future developments

The focus for the company is to continue to improve plant efficiency whilst working with European, national and regional governmental representatives to highlight the requirement to establish a clear trajectory towards the implementation of higher mandated inclusion rates of ethanol in gasoline.

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 is obliged to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

M I Carr
Director
26 February 2016

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable UK law and regulations.

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 and 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 with FRS101 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 FRS101, 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. 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 17 month period ended 31 May 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 6), 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 31 May 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's 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.

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
26 February 2016

Statement of comprehensive income

For the period ended 31 May 2015

	Notes	2014/15 17 months £'000	2013 12 months £'000
Revenue	2	174,684	51,807
Cost of sales		(234,278)	(93,539)
Gross loss		(59,594)	(41,732)
Administrative expenses		(13,400)	(8,612)
Operating loss before exceptional items	4	(72,994)	(50,344)
Exceptional items	5	(349,961)	-
Operating loss after exceptional items		(422,955)	(50,344)
Finance income	7	12	1
Finance costs	8	(14,075)	(10,055)
Loss before tax		(437,018)	(60,398)
Tax credit	9	34,945	11,555
Loss for the financial period		(402,073)	(48,843)

All results derive from continuing operations. Throughout both periods presented there has been no movement through other comprehensive income.

Balance sheet

As at 31 May 2015

	Notes	31 May 2015 £'000	31 December 2013 £'000
Non-current assets			
Intangible assets	10	-	672
Property, plant and equipment	11	473	374,589
Total non-current assets		473	375,261
Current assets			
Inventories	12	6,991	7,683
Trade and other receivables	13	8,518	12,997
Deferred tax	9	47,964	7,394
Cash and cash equivalents	14	857	12,135
Total current assets		64,330	40,209
Total assets		64,803	415,470
Current liabilities			
Trade and other payables	15	(48,545)	(26,068)
Total current liabilities		(48,545)	(26,068)
Net current assets		15,785	14,141
Non-current liabilities			
Financial liabilities	16	(371,553)	(342,624)
Total non-current liabilities		(371,553)	(342,624)
Total liabilities		(420,098)	(368,692)
Net (liabilities)/assets		(355,295)	46,778
Capital and reserves			
Share capital	17	106,297	106,297
Retained earnings		(461,592)	(59,519)
Equity shareholders' (deficit)/funds		(355,295)	46,778

M I Carr - Director
26 February 2016

Registered No: 5998024

Statement of changes in equity

For the period ended 31 May 2015

	Notes	*Share capital* £'000	*Retained earnings* £'000	*Total* £'000
At 1 January 2013	17	96,027	(10,676)	85,351
Share capital issued during the year	17	10,270	-	10,270
Loss recognised for the year		-	(48,843)	(48,843)
At 1 January 2014	17	106,297	(59,519)	46,778
Loss recognised for the period		-	(402,073)	(402,073)
At 31 May 2015	17	106,297	(461,592)	(355,295)

Notes to the financial statements

At 31 May 2015

1. Accounting policies

1.1 Corporate information

These financial statements of Vivergo Fuels Limited (the company) for the 17 month period ended 31 May 2015 were authorised for issue by the board of directors on 26 February 2016 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 and Wales. The registered office of the company is Shoosmiths Secretaries Limited, Witan Gate House, 500-600 Witan Gate West, Milton Keynes, Buckinghamshire, MK9 1SH.

1.2 Basis of preparation

The company transitioned from EU-adopted IFRS to Financial Reporting Standard 101 *Reduced Disclosure Framework* for all periods presented and in doing so has early adopted the new framework for financial reporting in the UK. There were no material measurement or recognition differences on the adoption of FRS 101.The accounting policies which follow have been applied in preparing the financial statements for the period ended 31 May 2015.

The company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 *Financial Instruments : Disclosures*;

b) the requirements of IAS 7 *Statement of Cash Flows*; and

c) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.

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

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions or estimates are significant to the financial statements are disclosed below in note 1.5.

1.3 Foreign currency translation

The financial statements of the company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the company are expressed in pounds sterling, which is the functional currency of the company and presentation currency for the financial statements.

In preparing the financial statements transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefit will flow to the company and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Notes to the financial statements

At 31 May 2015

1. Accounting policies (continued)

1.5 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 period. 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:

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amount of assets and liabilities recognised at the balance sheet date:

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 further impairment adjustments. As noted on page 3, during the period the directors have reviewed the recoverable amount of property, plant and equipment and, following their review have reflected an impairment in the carrying value of the plant in the period.

Recoverable amount of deferred tax

The recoverable amount of deferred tax is based on assumptions regarding the timing of the company making taxable profits against which losses can be relieved and therefore in turn are based on the expected market outlook and performance of the company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment of the asset.

1.6 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 impairment charges.

Intangible assets 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, after it has been brought into use, on a straight-line basis over its expected useful life of five years.

1.7 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 the asset can be reliably estimated. Property, plant and equipment are recognised at cost less any accumulated depreciation and impairment charges. 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, after it has been brought into use, on a straight-line basis over its expected useful life as follows:

- buildings – 30 years
- plant and equipment – between 8 and 20 years
- computer equipment, fixtures and fittings – between 5 and 15 years

Notes to the financial statements

At 31 May 2015

1. Accounting policies (continued)

1.8 Impairment of intangible assets and property, plant and equipment

The carrying values of intangible assets and 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. The recoverable amount of property, plant and equipment is based upon estimates and assumptions regarding, in particular, the expected market outlook and future cash flows associated with the bioethanol plant cash-generating unit. Useful lives and residual values are reviewed annually and where adjustments are required they are made prospectively.

1.9 Interest

Interest on cash, 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 prior to the commencement of trade is considered to relate to the construction of the plant and has been capitalised.

1.10 Income taxes

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 and is otherwise recognised in the statement of comprehensive income.

1.11 Forward sales and purchase contracts

All forward sales and purchase contracts entered into by the company were entered into and continue to be held for the purpose of the delivery or receipt in accordance with the company's sale, purchase or usage requirements. Consequently changes in the market prices relating to these contracts will only be reflected upon dispatch or receipt. The company does not hold any other derivative financial instruments at 31 May 2015.

1.12 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.

The expected scrap proceeds of the plant are anticipated to exceed the estimated discounted costs of dismantling and removing the facility at the end of its useful life. 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.

Notes to the financial statements

At 31 May 2015

1. Accounting policies (continued)

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, consumables, engineering spares and goods for resale
  - purchase cost on a first-in, first-out basis
- Work in progress and finished goods
  - cost of direct materials plus directly attributable overheads, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.14 Pension scheme

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

1.15 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.

1.16 New standards and interpretations

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

- IFRS 10, IFRS 12 and IAS 27 *Investment Entities (Amendments)* (effective for accounting periods beginning from 1 January 2014)
- IAS 32 *Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32* (effective for accounting periods beginning from 1 January 2014)
- IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36* (effective for accounting periods beginning from 1 January 2014)
- IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39* (effective for accounting periods beginning from 1 January 2014)
- IFRIC 21 *Levies* (effective for accounting periods beginning from 1 January 2014)
- IAS 19 *Defined Benefit Plans: Employee Contributions — Amendments to IAS 19* (effective for accounting periods beginning from 1 July 2014)

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:

- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations — Amendments to IFRS 11* (effective for accounting periods beginning from 1 January 2016)
- IFRS 14 *Regulatory Deferral Accounts* (effective for accounting periods beginning from 1 January 2016)
- IAS 16 and IAS 38 — *Clarification of Acceptable Methods of Depreciation and Amortisation — Amendments to IAS 16 and IAS 38* (effective for accounting periods beginning from 1 January 2016)
- IAS 16 and IAS 41 *Agriculture — Bearer Plants — Amendments to IAS 16 and IAS 41* (effective for accounting periods beginning from 1 January 2016)
- IAS 27 — *Equity Method in Separate Financial Statements — Amendments to IAS 27* (effective for accounting periods beginning from 1 January 2016)
- IFRS 15 *Revenue from Contracts with Customers* (effective for accounting periods beginning from 1 January 2017)
- IFRS 9 *Financial Instruments* (effective for accounting periods beginning from 1 January 2018)

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.

Notes to the financial statements

At 31 May 2015

2. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2014/15	*2013*
	17 months	*12 months*
	£'000	*£'000*
Sale of goods	174,684	51,807
Finance revenue	12	1
	174,696	51,808

No revenue was derived from exchanges of goods or services (2013: £nil).

3. Segment analysis

The company has only one business segment: the operation of an ethanol plant in the UK. All revenues, assets, liabilities and capital expenditure and other information presented elsewhere in these financial statements relates to that segment only.

4. Operating expenses

The operating loss is stated after charging:

	2014/15	*2013*
	17 months	*12 months*
	£'000	*£'000*
Amortisation of intangible assets	273	231
Impairment of intangible assets	408	-
Depreciation of property, plant and equipment	26,733	20,094
Impairment of property, plant and equipment	354,463	-
Loss/(gain) on disposal of property, plant and equipment	45	(255)
Auditor's remuneration – audit services	93	46
Auditor's remuneration – tax services	69	10
Auditor's remuneration – assurance services	3	-
Auditor's remuneration – other services	27	-

5. Exceptional items

	2014/15	*2013*
	17 months	*12 months*
	£'000	*£'000*
Impairment of intangible assets	408	-
Impairment of property, plant and equipment	354,463	-
Waiver of amounts due to former joint venture partner	(4,910)	-
Total exceptional items	349,961	-

Notes to the financial statements

At 31 May 2015

6. Staff costs

The average number of direct employees during the period was:

	2014/15 £'000	2013 £'000
Production	61	50
Administration	28	21
	89	71

	2014/15 17 months £'000	2013 12 months £'000
Staff costs		
Salary and benefit costs	6,953	3,639
Social security costs	789	453
Defined contribution pension scheme	365	201
	8,107	4,293

None of the directors received any remuneration as directors of the company and no consideration was paid to any third party for their services.

7. Finance income

	2014/15 17 months £'000	2013 12 months £'000
Other interest receivable	12	1
Total finance income	12	1

8. Finance costs

	2014/15 17 months £'000	2013 12 months £'000
Loan note interest payable	13,929	9,910
Bank interest payable	17	145
Other interest payable	129	-
Total finance costs	14,075	10,055

Notes to the financial statements

At 31 May 2015

9. Tax

(a) Analysis of the tax credit for the period

	2014/15	*2013*
	17 months	*12 months*
	£'000	*£'000*
UK corporation tax:		
Adjustments in respect of prior periods	5,625	(7,271)
	5,625	(7,271)
Deferred tax:		
Origination and reversal of temporary differences	(35,699)	(13,870)
Effect of change in tax rate	2,086	1,257
Adjustment in respect of previous years	(6,957)	8,329
Total tax credit in the income statement	(34,945)	(11,555)

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

A reconciliation of the tax credit applicable to the company's loss before tax at the applicable tax rate of 21.23% (2013: 23.25%) to the provision for income taxes is as follows:

	2014/15	*2013*
	17 months	*12 months*
	£'000	*£'000*
Loss before tax	(437,018)	(60,398)
Tax at the rate of 21.23% (2013: 23.25%)	(92,783)	(14,042)
Deferred tax rate changes	2,086	1,257
Permanent differences	57,084	172
Prior year adjustment – UK tax	5,625	(7,271)
Prior year adjustment – deferred tax	(6,957)	8,329
Total tax credit in the income statement	(34,945)	(11,555)

The permanent differences arose principally as a result of one-off adjustments to taxable profit required as a result of the company becoming connected with the ABF group, for tax purposes, during the period.

Notes to the financial statements

At 31 May 2015

9. Tax (continued)

(c) Deferred tax

A net deferred tax asset of £47,964,000 (2013: £7,394,000) has been recognised in the period. No amounts remain unrecognised at 31 May 2015 (2013: £nil). This relates to the items included in the table below:

	2014/15 17 months £'000	*2013 12 months £'000*
Liability on capitalised interest	-	(4,546)
Asset in respect of trading losses	-	26,860
Asset/(liability) in respect of fixed assets and capital allowances	47,964	(14,920)
Total	47,964	7,394

	2014/15 17 months £'000	*2013 12 months £'000*
Deferred tax balance brought forward	7,394	3,110
Recognised in the income statement in the period	40,570	4,284
Deferred tax balance carried forward	47,964	7,394

A deferred tax asset has been recognised as it is probable that suitable taxable income will arise within the group against which the asset can be reversed.

d) Factors that may affect future tax charges

The main rate of corporation tax in the UK reduced from 23% to 21% from 1 April 2014, with a further reduction to 20% taking effect on 1 April 2015. The company's profits for the period to 31 May 2015 are taxed at 21.23% being the average rate for that accounting period.

The legislation to effect these rate changes had been enacted before the prior period balance sheet date. As deferred tax is measured at the rates that are expected to apply in the periods when the underlying timing differences reverse, opening and closing deferred tax balances have been calculated using a rate of 20%.

Further reductions, to 19% and 18% from 1 April 2017 and 1 April 2020 respectively, have been announced, but have not been substantively enacted as at the balance sheet date.

Notes to the financial statements

At 31 May 2015

10. Intangible assets

	Computer software £'000
Cost:	
At 1 January 2014	1,164
Additions	30
Disposals	(72)
At 31 May 2015	1,122
Amortisation:	
At 1 January 2014	492
Amortisation charge for the period	273
Impairment charge for the period	408
Disposals	(51)
At 31 May 2015	1,122
Net book value:	
At 31 May 2015	-
At 1 January 2014	672

Notes to the financial statements

At 31 May 2015

11. Property, plant and equipment

	Land and buildings	*Computer equipment, fixtures and fittings*	*Plant and equipment*	*Total*
	£'000	£'000	£'000	£'000
Cost:				
At 1 January 2014	15,905	844	379,491	396,240
Additions	62	65	6,977	7,104
Disposals	-	(109)	(4)	(113)
At 31 May 2015	15,967	800	386,464	403,231
Depreciation:				
At 1 January 2014	579	366	20,706	21,651
Depreciation charge for the period	706	32	25,995	26,733
Impairment charge for the period	14,682	490	339,291	354,463
Disposals	-	(88)	(1)	(89)
At 31 May 2015	15,967	800	385,991	402,758
Net book value:				
At 31 May 2015	-	-	473	473
At 1 January 2014	15,326	478	358,785	374,589

Plant and equipment comprises design, engineering and construction work and the related capitalised interest costs for the wheat-to-ethanol fermentation plant. Plant and equipment includes capitalised interest of £nil (2013: £22,730,000).

The impairment charge during the period of £354,463,000 arose on reducing the carrying value of the company's investment in its bioethanol plant. This impairment relates to the whole cash-generating unit represented by the ethanol business segment. The recoverable amount of the bioethanol cash-generating unit as at 31 May 2015 is £nil, determined on a value in use basis. A discount rate of 20% has been applied to the cash flow projections of the bioethanol cash-generating unit in determining the value in use.

Notes to the financial statements

At 31 May 2015

12. Inventories

	31 May 2015 £'000	31 December 2013 £'000
Raw materials	1,556	2,160
Work in progress	1,846	1,869
Finished goods	3,589	3,654
	6,991	7,683

During 2014/15, a £596,000 credit (2013: £1,858,000 expense) was recognised in the statement of comprehensive income, representing the net movement for inventories carried at net realisable value. This has been recognised in cost of sales.

13. Trade and other receivables

	31May 2015 £'000	31 December 2013 £'000
Trade receivables	2,511	4,896
Amounts owed by group undertakings	3,916	-
Prepayments	1,399	88
Other receivables	692	742
Consortium relief receivable from related parties	-	7,271
	8,518	12,997

The carrying value of trade and other receivables also represents their fair value. All other receivables are neither past due nor impaired. There is no provision against other receivables.

14. Cash and cash equivalents

	31 May 2015 £'000	31 December 2013 £'000
Cash at bank and in hand	857	12,135

Cash at bank attracts interest at a floating rate.

Notes to the financial statements

At 31 May 2015

15. Trade and other payables

	31 May 2015 £'000	31 December 2013 £'000
Trade payables	2,843	7,913
Amounts owed to group undertakings	18,891	-
Amounts owed to associated undertakings	17,910	-
Accrued liabilities	8,901	18,155
	48,545	26,068

16. Financial liabilities

Non-current	31May 2015 £'000	31 December 2013 £'000
Loan notes	322,703	307,703
Accrued interest	48,850	34,921
	371,553	342,624

All loan notes have been issued to shareholders. In March 2015, the company issued new loan notes to BP and ABF for a total value of £15,000,000.

Loan notes are repayable at three monthly intervals from 21 December 2016 through to 21 December 2024. The accrued interest is repayable on 21 December 2016.

On 6 May 2015 ABF acquired the loan notes previously held by BP in their entirety including all accrued interest.

Notes to the financial statements

At 31 May 2015

17. Share capital

Authorised	*31 May 2015*	*31 December 2013*
Ordinary shares of £1 each	106,297,000	106,297,000

Allotted, called up and fully paid	*31 May 2015 £'000*	*31 December 2013 £'000*
At 1 January 2014 and 1 January 2013	106,297	96,027
Shares issued	-	10,270
At 31 May 2015 and 31 December 2013	106,297	106,297

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

18. Obligations under operating leases

The company has entered into a commercial property lease for the production site and for 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:

	31 May 2015 £'000	*31 December 2013 £'000*
Within one year	164	154
After one year but not more than five years	518	608
After five years	484	511
	1,166	1,273

The main production site at Saltend Industrial Park, Hull is leased from BP on normal commercial terms, see note 20.

The cost recognised through the statement of comprehensive income during 2014/15 in relation to the leases included above was £218,000 (2013: £125,000)

19. Capital commitments

At 31 May 2015, amounts contracted for but not provided in the financial statements for acquisition of property, plant and equipment amounted to £42,000 (2013: £418,000).

Notes to the financial statements

At 31 May 2015

20. Related parties

Transactions with associated undertakings

Transactions with BP, ABF, (including Frontier Agriculture Limited, a company in which ABF is a joint venture partner) and DuPont, all shareholders of the company during the period are set out below:

Period ended 31 May 2015	*Receipts from related parties*	*Payments to related parties*	*Amounts owed by related parties*	*Amounts owed to related parties*
	£'000	*£'000*	*£'000*	*£'000*
BP	79,674	29,865	1,276	-
ABF	53,936	156,607	3,916	21,160
DuPont	-	-	-	-

Year ended 31 December 2013	*Receipts from related parties*	*Payments to related parties*	*Amounts owed by related parties*	*Amounts owed to related parties*
	£'000	*£'000*	*£'000*	*£'000*
BP	21,758	10,589	643	3,569
ABF	25,926	53,028	9,472	14,554
DuPont	-	-	460	-

Terms and conditions of transactions with shareholders are generally for payment by the end of the month following the date of invoice.

Notes to the financial statements

At 31 May 2015

20. Related parties (continued)

In addition to the above transactions, the long-term borrowings of £322,703,000 (2013: £307,703,000) and accrued interest of £48,850,000 (2013: £34,921,000) have been provided by the shareholders, in the following amounts:

Year ended 31 May 2015	*Loan notes*	*Accrued interest*
	£'000	*£'000*
BP	-	-
ABF	305,103	45,127
DuPont	17,600	3,723

Year ended 31 December 2013	*Loan notes*	*Accrued interest*
	£'000	*£'000*
BP	145,051	16,171
ABF	145,051	15,944
DuPont	17,600	2,807

21. Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme. As at 31 May 2015, contributions of £54,000 (2013: £nil) due in respect of the current reporting period had not been paid over to the scheme.

22. Controlling party

The company was originally formed as a joint venture between Associated British Foods plc ("ABF"), BP plc ("BP") and E.I. du Pont de Nemours and Company ("DuPont"). The management and strategy of the company was set out in a shareholder agreement.

On 6 May 2015 BP sold their stake in the company to ABF and as a result the company became a 94.48% subsidiary of ABF with DuPont retaining a minority equity interest. The immediate parent undertaking is ABF Investments plc.

The ultimate controlling party as defined by IAS 24 is Wittington Investments Limited which is incorporated in the UK and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited, the accounts of which are available at Companies House, Crown Way, Cardiff CF14 3UZ. The smallest group in which they are consolidated is that headed by Associated British Foods plc, which is incorporated in the UK and registered in England and Wales. The consolidated accounts of Associated British Foods plc are available to the public and may be obtained from its registered office at Weston Centre, 10 Grosvenor Street, London W1K 4QY or by download from the group's website at www.abf.co.uk.