

**PICTOR DEVELOPMENTS LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**LLP Number OC311842**



## **PICTOR DEVELOPMENTS LLP**

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## **PICTOR DEVELOPMENTS LLP**

### **MEMBERS' REPORT FOR THE PERIOD ENDED 5 APRIL 2011**

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Partnership during the period was the pursuing of claims against certain third parties in respect of various contractual breaches

#### **DESIGNATED MEMBERS**

The following designated members have held office during the year

- Carbon Trading Investors 1 Ltd (CTI 1 Ltd)
- Carbon Trading Investors 2 Ltd (CTI 2 Ltd)

#### **MEMBERS' DRAWINGS AND CAPITAL**

All trading profits will be distributed in the accounting period to the members pro rata to their respective subscriptions. Such distributions will be made after allowing for the ongoing requirements of the business shown in the annual budget and after the settlement of any and all historic liabilities previously disclosed as contingent.

#### **MEMBERS' RESPONSIBILITIES**

Company law requires the members to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing those financial statements, the partnership is required to

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

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable the firm to ensure that the financial statements comply with the Companies Act 2006. The members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **ADDITIONAL FUNDING AND CHANGE OF ADMINISTRATION**

In September 2009 Carbon Capital Limited, having failed to raise additional funding from members to fund the ongoing administration, indicated its intention to resign its various roles and positions associated with managing the Carbon Trading Partnerships ("the Partnerships"). A steering committee of members of the Partnerships was subsequently formed and a proposal was sent to all members of the Partnerships seeking funding and support for members to take over the management role. This proposal received in excess of 91% support from members of the Partnerships. The steering committee worked together with Carbon Capital Limited to ensure a smooth transition and by mid December 2009 the change was executed.

The new administrative arrangements comprise three entities, all of which are wholly owned

## **PICTOR DEVELOPMENTS LLP**

### **MEMBERS' REPORT FOR THE PERIOD ENDED 5 APRIL 2011 (continued)**

equally by the Partnership and the other 37 Partnerships. These are Carbon Trading Investors 1 Ltd and Carbon Trading Investors 2 Ltd which act as designated members for each of the Partnerships and Carbon Trading Services Procurement Ltd which acts as a procurement company for all external services that are required in the administration of the Partnerships.

As part of the transition described above, Members advanced a loan to the Partnership of £26,076 to fund future expenditure, of which £10,460 remains unspent.

#### **CRIMINAL ENQUIRY**

Certain individuals related to the setting up and running of the scheme prior to CTSP taking over, have now been formally charged. The case is unlikely to be determined until 2012 at the earliest. Until the case has been determined and all related facts are made public we reserve our right to review the appropriate accounting treatment of transactions contained within prior periods.

#### **VAT**

Included in other debtors is an amount of £2,416 (2010 £1,014) in respect of VAT due from HMRC. Additionally, in the lifetime of the Partnership a total of £18,989 has been refunded by HMRC in respect of VAT. HMRC have informed the Partnership that they wish to investigate the VAT status of the Partnership, in particular its entitlement to recover VAT charged on the expenses incurred in the management of the Partnership's affairs by Carbon Capital Limited and CT Service Procurement Limited. This investigation will occur on the completion of the criminal proceedings referred to above. The 38 Partnerships have obtained two separate legal opinions supporting the validity of their VAT registered status and on this basis the amounts shown due from HMRC are included in the financial statements. However, were an adverse outcome to arise, the Partnership would have to fund any write down of VAT due to it and also a refund of the VAT refunded to it to date.

#### **SMALL LLP PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2008) relating to small limited liability partnerships.

On behalf of the members



Carbon Trading Investors 1 Ltd

Registered office  
Suite 8  
80 High Street  
Winchester  
SO23 9AT

Approved by the members on 15<sup>th</sup> September 2011

**PICTOR DEVELOPMENTS LLP**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2011**

		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>£</b>	<b>(restated) £</b>
<b>TURNOVER</b>	<b>2</b>	<b>8,929</b>	<b>6,882</b>
Cost of sales		(29)	(159)
<b>GROSS PROFIT</b>		<b>8,900</b>	<b>6,723</b>
Administration expenses		(8,901)	(6,793)
<b>OPERATING PROFIT (LOSS)</b>		<b>(1)</b>	<b>(70)</b>
Exceptional items		-	-
Net income from sale of assets		-	-
Provision for loss on disposal of fixed asset investment		-	(294,000)
<b>PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(1)</b>	<b>(294,070)</b>
Interest receivable		1	2
<b>PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>-</b>	<b>(294,068)</b>
Tax on profit (loss) on ordinary activities		-	-
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION CHARGED AS AN EXPENSE</b>		<b>-</b>	<b>(294,068)</b>
Members' share of profits (losses) charged as an expense	10	-	294,068
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONGST MEMBERS</b>		<b>-</b>	<b>-</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses other than those dealt with in the profit and loss account

The notes on pages 7 to 11 form part of these financial statements

**PICTOR DEVELOPMENTS LLP**

**BALANCE SHEET AT 5 APRIL 2011**

LLP Number OC311842

		2011		2010 (restated)	
	Note	£	£	£	£
<b>FIXED ASSET INVESTMENTS</b>	5		3		-
<b>CURRENT ASSETS</b>					
Stock	6	-		29	
Debtors	7	3,860		4,375	
Cash at Bank		6,831		14,891	
		<u>10,691</u>		<u>19,295</u>	
<b>CREDITORS:</b> Amounts falling due within one year	8	10,460		19,061	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			231		234
			<u></u>		<u></u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			234		234
			<u></u>		<u></u>
<b>REPRESENTED BY:</b>					
<b>Equity</b>					
Members' capital		1,699,946		1,699,946	
Other reserves		(1,699,712)		(1,699,712)	
		<u></u>		<u></u>	
<b>TOTAL EQUITY</b>			234		234
			<u></u>		<u></u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Members' other interests			234		234
Net amounts due to (from) Members			10,460		19,061
			<u></u>		<u></u>
<b>TOTAL MEMBERS' INTERESTS</b>	11		10,694		19,295
			<u></u>		<u></u>

## **PICTOR DEVELOPMENTS LLP**

### **BALANCE SHEET AT 5 APRIL 2011 (continued)**

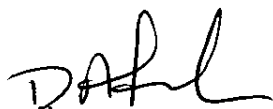
The members are satisfied that the LLP is entitled to exemption from the provisions of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008 (the Act) relating to the audit of the accounts for the year by virtue of section 477

The members acknowledge their responsibilities for

- i) ensuring that the LLP keeps adequate accounting records which comply with section 386 of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008, and
- ii) preparing accounts which give a true and fair view of the state of affairs of the LLP as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008 relating to accounts, so far as applicable to the LLP

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008 relating to small LLPs and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the members and authorised for issue on 15<sup>th</sup> September 2011, and are signed on their behalf by



Carbon Trading Investors 1 Ltd  
Designated Member  
LLP Number OC311842

The notes on pages 7 to 11 form part of these financial statements

## **PICTOR DEVELOPMENTS LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2011**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied within the same accounts

##### **(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in March 2006 (SORP 2006)

##### **(b) Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value

##### **(c) Impairments**

The carrying amounts of the partnership's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

##### **(d) Other reserves**

To the extent that the partnership has generated trading losses which are not recoverable from members these are carried forward as a debit balance on other reserves. Future profits will be credited against these losses.

##### **(e) Foreign exchange**

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction.

##### **(f) Members' participation rights**

Members' participation rights are the rights of a member against the partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the partnership are analysed between those that are, from the partnership's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the partnership.



## PICTOR DEVELOPMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2011 - continued

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the partnership has an unconditional right to refuse payment to members. If the partnership does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the partnership does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the partnership or its representative, so that the partnership has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the partnership has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

#### (g) Going concern

The members have prepared the partnership's accounts on a going concern basis, which they believe to be appropriate as they consider that the partnership will be able to meet its liabilities as they fall due at least for the next year.

## 2. TURNOVER

The limited liability partnership's turnover represents a release of the Members' Loan to income in order to fund the administrative costs and interest incurred in running the partnership.

All turnover arose in the United Kingdom.

## 3. FEES PAYABLE TO DESIGNATED MEMBER

	2011 £	2010 £
Fees paid under management agreement (Some fees have been treated as contingent per note 8)	-	-

**PICTOR DEVELOPMENTS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2011 - continued**

**4. PRIOR PERIOD ADJUSTMENT**

The prior year figures have been restated following a revision in accounting policy whereby income from Member loans is to be derived from the quantum of certain expenses against other income and interest in the year

**5. FIXED ASSET INVESTMENTS**

**Other investments other than loans**

	2011 £	2010 £
Balance brought forward	-	294,000
Investments made during the period	3	-
Less impairment of investment	-	(294,000)
Balance carried forward	<u>3</u>	<u>-</u>

The 490,000 shares held in Environmental Energy Corporation were revalued at zero following the failure of that company to extend the working capital financing facility required to allow its continuance as a going concern and the appointment of provisional liquidators

Investments made during the period comprise the £1 shares held in CT Service Procurement Ltd, Carbon Trading Investors 1 Ltd and Carbon Trading Investors 2 Ltd

**6. STOCK**

	2011 £	2010 £
Carbon credits for resale	-	29
	<u>-</u>	<u>29</u>

**7. DEBTORS**

	2011 £	2010 £
Trade debtors	-	-
Other debtors	3,860	4,375
	<u>3,860</u>	<u>4,375</u>

Other debtors include the following amounts due from members

Balance of initial investment	-	-
	<u>-</u>	<u>-</u>

## PICTOR DEVELOPMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2011 - continued

Included in other debtors is an amount of £2,416 (2010 £1,014) in respect of VAT due from HMRC

#### 8. CREDITORS: Amounts falling due within one year

	2011 £	2010 (restated) £
Trade creditors	-	-
Other creditors	10,460	19,061
Accruals	-	-
	<hr/>	<hr/>
	10,460	19,061
	<hr/>	<hr/>

Other creditors include the following amounts due to members

Balance of financing not expended on running costs (see note 9 below)	10,460	19,061
	<hr/>	<hr/>

#### 9. CONTINGENT LIABILITIES

The partnership has reached an agreement with two of its creditors, Curzon Capital Limited and Carbon Capital Limited, whereby certain balances due from the partnership to them have been made contingent on the partnership receiving sufficient surplus cash out of future income streams and/or VAT recoverable from prior periods to cover those liabilities. The timing and certainty of those cash flows are accepted by all parties to be unknown. At 5<sup>th</sup> April 2011 the total such contingent liability was £95,978 (2010 £95,978) comprising Curzon Capital Limited £28,555 (2010 £28,555) and Carbon Capital Limited £67,423 (2010 £67,423).

In addition, Members have agreed that the repayment of any part of the loans made by them to the Partnership already expended on the Partnership's behalf by Carbon Trading Services Procurement Ltd will also be made contingent on the partnership receiving sufficient surplus cash out of future income streams, Member contributions and/or VAT recoverable from prior periods to cover those liabilities. At 5<sup>th</sup> April 2011 the total such contingent liability was £15,616 (2010 restated £6,687).

#### 10. MEMBERS' SHARE OF PROFITS (LOSSES) CHARGED AS AN EXPENSE

Members' share of profits (losses) charged as an expense for the year ended 5<sup>th</sup> April 2011 was £0 (£294,068 restated loss for the year ended 5<sup>th</sup> April 2010).

There was an average of 46 Members in the year ending 5<sup>th</sup> April 2011 (46 in the year ending 5<sup>th</sup> April 2010).

The average Members' share of profits (losses) per Member was, therefore, £0 in the year ending 5<sup>th</sup> April 2011 (£6,393 average restated loss in the year ending 5<sup>th</sup> April 2010).

**PICTOR DEVELOPMENTS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2011 - continued**

**11. MEMBERS' INTERESTS**

	<b>Members' other interests</b>			<b>Net Amounts due to Members</b>	<b>Total</b>
	<b>Members' capital £</b>	<b>Members' other reserves £</b>	<b>Total members' other interests £</b>	<b>£</b>	<b>£</b>
Restated balance at 6 5 10	1,699,946	(1,699,712)	234	19,061	19,295
Net financing from Members	-	-	-	(8,601)	(8,601)
Balance at 05 04 11 before losses	1,699,946	(1,699,712)	234	10,460	10,694
Profit for the year	-	-	-	-	-
Balance at 05 04 11	1,699,946	(1,699,712)	234	10,460	10,694

**12. ULTIMATE CONTROLLING PARTY**

No individual Member has overall control of the LLP