

JUNO CARBON TRADING LLP
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2011

LLP Number OC317353



JUNO CARBON TRADING LLP

CONTENTS

	Page
Members' report	2
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	7

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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

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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 £25,401 (restated) to fund future expenditure, of which £9,706 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.

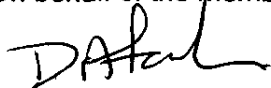
VAT

Included in other debtors is an amount of £8,450 (2010 restated £7,169) in respect of VAT due from HMRC. Additionally, in the lifetime of the Partnership, a total of £16,398 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 15th September 2011

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

	Note	2011 £	2010 (restated) £
TURNOVER	2	8,999	6,854
Cost of sales		(29)	(109)
GROSS PROFIT		8,970	6,745
Administration expenses		(8,973)	(11,153)
OPERATING PROFIT (LOSS)		(3)	(4,408)
Exceptional items		-	-
Net income from sale of assets		-	-
Provision for loss on disposal of fixed asset investment		-	(294,000)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		(3)	(298,408)
Interest receivable		3	3
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(298,405)
Tax on profit (loss) on ordinary activities		-	-
PROFIT (LOSS) FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION CHARGED AS AN EXPENSE		-	(298,405)
Members' share of profits (losses) charged as an expense	10	-	298,405
PROFIT (LOSS) FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONGST MEMBERS		-	-

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

JUNO CARBON TRADING LLP

BALANCE SHEET AT 5 APRIL 2011

LLP Number OC317353

		2011		2010 (restated)	
	Note	£	£	£	£
FIXED ASSET INVESTMENTS	5		3		-
CURRENT ASSETS					
Stock	6	-		29	
Debtors	7	9,609		10,523	
Cash at Bank		9,848		18,073	
		<u>19,457</u>		<u>28,625</u>	
CREDITORS: Amounts falling due within one year	8	9,706		18,871	
		<u></u>		<u></u>	
NET CURRENT ASSETS			9,751		9,754
			<u></u>		<u></u>
NET ASSETS ATTRIBUTABLE TO MEMBERS			9,754		9,754
			<u></u>		<u></u>
REPRESENTED BY:					
Equity					
Members' capital			1,720,434		1,720,434
Other reserves			(1,710,680)		(1,710,680)
			<u></u>		<u></u>
TOTAL EQUITY			9,754		9,754
			<u></u>		<u></u>
TOTAL MEMBERS' INTERESTS					
Members' other interests			9,754		9,754
Net amounts due to (from) Members			9,704		18,869
			<u></u>		<u></u>
TOTAL MEMBERS' INTERESTS	11		19,458		28,623
			<u></u>		<u></u>

JUNO CARBON TRADING 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 15th September 2011, and are signed on their behalf by



Carbon Trading Investors 1 Ltd
Designated Member
LLP Number OC317353

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

JUNO CARBON TRADING 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.

JUNO CARBON TRADING 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
	£	(restated)
		£
Fees paid under management agreement	-	4,394
(Some fees have been treated as contingent per note 8)		

JUNO CARBON TRADING 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. In addition, the prior year accounts have been restated to correct a mis-classification between expenses and Member loans identified in the 2011 period.

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 (restated) £
Trade debtors	-	-
Other debtors	9,609	10,523
	<u>9,609</u>	<u>10,523</u>

Other debtors include the following amounts due from members:

Balance of initial investment	2	2
	<u>2</u>	<u>2</u>

JUNO CARBON TRADING LLP

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

Included in other debtors is an amount of £8,450 (2010 restated £7,169) in respect of VAT due from HMRC

8. CREDITORS: Amounts falling due within one year

	2011	2010 (restated)
	£	£
Trade creditors	-	-
Other creditors	9,706	18,871
Accruals	-	-
	<hr/>	<hr/>
	9,706	18,871
	<hr/>	<hr/>

Other creditors include the following amounts due to members

Balance of financing not expended on running costs (see note 9 below)	9,706	18,871
	<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 5th April 2011 the total such contingent liability was £38,564 (2010 restated £38,564) comprising Curzon Capital Limited £28,960 (2010 £28,960) and Carbon Capital Limited £9,604 (2010 restated £9,604).

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 5th April 2011 the total such contingent liability was £15,696 (2010 restated £6,697).

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

Members' share of profits (losses) charged as an expense for the year ended 5th April 2011 was £0 (£298,405 restated loss for the year ended 5th April 2010).

There was an average of 59 Members in the year ending 5th April 2011 (59 in the year ending 5th April 2010).

The average Members' share of profits (losses) per Member was, therefore, £0 in the year ending 5th April 2011 (£5,058 average restated loss in the year ending 5th April 2010).

JUNO CARBON TRADING LLP

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

11. MEMBERS' INTERESTS

	Members' other interests			Net	
	Members' capital £	Members' other reserves £	Total members' other interests £	Amounts due to Members £	Total £
Restated balance at 6 5 10	1,720,434	(1,710,680)	9,754	18,869	28,623
Net financing from Members	-	-	-	(9,165)	(9,165)
Balance at 05 04 11 before losses	1,720,434	(1,710,680)	9,754	9,704	19,458
Profit for the year	-	-	-	-	-
Balance at 05 04 11	1,720,434	(1,710,680)	9,754	9,704	19,458

12. ULTIMATE CONTROLLING PARTY

No individual Member has overall control of the LLP