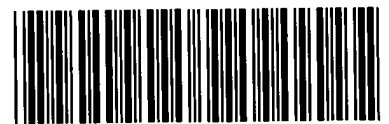


BIOMASS UK NO. 1 LLP
Registered in England and Wales No: OC400324

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

THURSDAY



L6HEX2DV

LD2

19/10/2017

#107

COMPANIES HOUSE

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Contents

Members and Other Information.....	3
Members' Report.....	4-6
Independent auditors' report to the members of Biomass UK No. 1 LLP.....	7-8
Statement of Comprehensive Income.....	9
Statement of Financial Position.....	10
Statement of Changes in Net Liabilities Attributable to Members.....	11
Notes to the Financial Statements.....	12-24

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

MEMBERS AND OTHER INFORMATION

Designated Members

Aviva Investors REaLM Infrastructure No. 3 Limited
R J Frearson

Member

J D Wardle

Independent Auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Registered Office

St Helen's, 1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. OC400324

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Members present their Annual Report and the audited Financial Statements of Biomass UK No.1 LLP (the "Partnership") for the year ended 31 December 2016.

RESULTS

The total comprehensive loss for the Partnership, for the year ended 31 December 2016 was £5,550,064 (2015: loss of £2,809,347).

MEMBERS

The Partners of Aviva Investors REaLM Infrastructure No. 3 Limited, one of the Partnership's Designated Members, who were in office during the period and up to the date of signing the financial statements were as follows:

R J Frearson
Aviva Investors REALM
Infrastructure No. 3 Limited
J D Wardle

PRINCIPAL ACTIVITY

The activity of the Partnership is the development and operation of Biomass assets. On 18 October 2016, R J Frearson and J D Wardle gave written notice to Biomass UK No. 1 LLP that they wished to surrender 999 membership units for a total consideration of £1,858,140. They have requested that the consideration be settled by offset against the loans (plus accrued interest) owing to the Partnership of £1,863,738. According to the LLP agreement completion of the surrender occurred on November 8, 2016.

FUTURE DEVELOPMENT

During the coming year, the Partnership will continue to manage the development and operation of Biomass assets.

GOING CONCERN

After making enquiries, the Members have a reasonable expectation that the Partnership has adequate resources to continue its operations for the foreseeable future. In reaching this conclusion, Aviva Investors REaLM Infrastructure No. 3 Limited has confirmed that it does not intend to call for repayment any loan amounts owed to it by the Partnership for a 12 month period from the date of signing the financial statements. Therefore, they continue to adopt the going concern basis in preparing the Financial Statements.

EMPLOYEES

The Partnership has no employees.

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 - (CONTINUED)

DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS

Each person who was a Member on the date that this report was approved confirms that:

- (a) as far as the Members are aware, there is no relevant audit information which the Partnership's auditors are unaware; and
- (b) the Members have taken all the steps that they ought to have taken as the Members in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

INDEPENDENT AUDITORS

It is the intention of the Members to appoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Sections 487 of the Companies Act 2006.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 - (CONTINUED)

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements comply with the Companies Act 2006 as applicable to qualifying partnerships. They 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.

These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLP's regime of the Companies Act 2006.

Aviva Investors REaLM Infrastructure No. 3 Limited
Designated Member
For and on behalf of the members



18 OCT 2017

Independent auditors' report to the members of Biomass UK No. 1 LLP

Report on the financial statements

Our qualified opinion

In our opinion, except for the effects of the matter described in the Basis for our qualified opinion paragraph below, Biomass UK No. 1 LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for our qualified opinion

Given the current activities of the Limited Liability Partnership (LLP): primarily the construction of a single asset, there remain a number of uncertainties including the achievement of certain construction and related milestones regarding the expected qualification for particular forecast revenue streams. This situation indicates the existence of a material uncertainty which may cast significant doubt about the LLP's ability to continue as a going concern and therefore it may be unable to discharge its liabilities in the normal course of business. The financial statements do not disclose this fact.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net liabilities attributable to members for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion, the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Biomass UK No. 1 LLP (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement Of Members' Responsibilities set out on page 5, the members 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

18 October 2017

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		1 Jan 2016 to 31 Dec 2016	12 June 2015 to 31 Dec 2015
	Note	£	£
Administrative expenses		(355,697)	(66,946)
Investment impairment	7	(1,858,140)	(2,296,241)
Intangible assets amortisation		(91,481)	(42,921)
OPERATING LOSS	5	<u>(2,305,318)</u>	<u>(2,406,108)</u>
Interest receivable and similar income		47,153	17,873
Interest payable and similar charges		(3,291,900)	(421,112)
LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		(2,305,318)	(2,406,108)
MEMBERS' REMUNERATION CHARGED AS AN EXPENSE		(3,244,746)	(403,239)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(5,550,064)</u>	<u>(2,809,347)</u>

Continuing operations

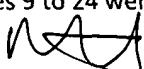
All amounts reported in the Statement of Comprehensive Income for the year ended 31 December 2016 and 31 December 2015 relate to continuing operations.

(The notes on pages 12 to 24 form an integral part of these Financial Statements)

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		31 Dec 2016	31 Dec 2015
	Note	£	£
FIXED ASSETS			
Investments	7	-	-
Tangible assets	8	27,421,562	8,888,166
Intangible assets	9	<u>2,152,628</u>	<u>2,244,109</u>
		29,574,190	11,132,275
CURRENT ASSETS			
Debtors	10	3,491,168	3,010,700
Cash and cash equivalents		<u>153,500</u>	<u>559,652</u>
		3,644,668	3,570,352
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(5,074,518)	(2,888,907)
NET CURRENT ASSETS		<u>(1,429,850)</u>	<u>681,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,144,339</u>	<u>11,813,720</u>
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	12	(36,503,650)	(14,622,967)
NET LIABILITIES ATTRIBUTABLE TO MEMBERS		<u>(8,359,311)</u>	<u>(2,809,247)</u>
Total Members' Interests			
Members' capital contribution	13	100	100
Accumulated losses		<u>(8,359,411)</u>	<u>(2,809,347)</u>
TOTAL MEMBERS' INTEREST		<u>(8,359,311)</u>	<u>(2,809,247)</u>

The Financial Statements on pages 9 to 24 were approved by the Members on date **18 OCT 2017** and signed on their behalf by: 

Aviva Investors REaLM Infrastructure No. 3 Limited
As Designated Member

(The notes on pages 12 to 24 form an integral part of these financial statements)

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

**STATEMENTS OF CHANGES IN NET LIABILITIES ATTRIBUTABLE TO MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Members' capital contribution £	Accumulated losses £	Total partnerships' deficit £
Balance at 15 June 2015		-	-	-
Members' capital contribution		100	-	100
Total comprehensive loss for the year		-	(2,809,347)	(2,809,347)
Balance at 31 December 2015		100	(2,809,347)	(2,809,247)
Balance at 1 January 2016	12	100	(2,809,347)	(2,809,247)
Total comprehensive loss for the year		-	(5,550,064)	(5,550,064)
Balance at 31 December 2016		100	(8,359,411)	(8,359,311)

(The notes on pages 12 to 24 form an integral part of these financial statements)

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

1. GENERAL INFORMATION

Biomass UK No. 1 LLP (the "Partnership") manages the development and operation of Biomass assets in the United Kingdom.

The Partnership is registered as a limited liability partnership in England and Wales and its registered address is St Helen's 1 Undershaft, London, EC3P 3DQ

2. STATEMENT OF COMPLIANCE

The Financial Statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been constantly applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Partnership's Financial Statements have been prepared under the historical cost convention, certain financial assets and liabilities measured at fair value through profit or loss and in accordance with FRS 102.

The functional currency of the Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Financial Statements are also presented in pound sterling.

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 Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 4.

b) Going concern basis

After making enquiries, the Partners have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, Aviva Investors REaLM Infrastructure No. 3 Limited has confirmed that it will not call for repayment any loan amounts owed to it by the Partnership for a 12 month period from the date of signing the financial statements. Therefore, they continue to adopt the going concern basis in preparing the Financial Statements.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

3. ACCOUNTING POLICIES – (CONTINUED)

b) Going concern basis – (continued)

Given the current activities of the Partnership: primarily the construction of a single asset, there remain a number of uncertainties (being the achievement of certain construction and related milestones regarding the expected qualification for particular forecast revenue streams). The Members have assessed these uncertainties and consider them to be consistent with the activities of a company of this nature. The uncertainties include issues that are confidential and commercially sensitive and accordingly the Members do not think it is in the Partnership's best interest to include any further disclosure.

c) Consolidation

The Partnership has taken advantage of exemptions under Section 400 of the Companies Act 2006 not to prepare Group Financial Statements as it and its subsidiaries are included in the consolidated Financial Statements of Aviva Investors Infrastructure Income Limited Partnership (formerly Aviva Investors REaLM Infrastructure Limited Partnership).

d) Foreign currency

The Partnership's Financial Statements are presented in pound sterling and rounded to thousands

The Partnership's functional and presentation currency is the pound sterling.

Foreign exchange gains and losses resulting from the settlement of transactions and from the transaction at period – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within "finance (expense)/income". All other foreign exchange gains and losses are presented in the profit and loss account within "Other operating (losses)/gains".

The trading results of the Partnership undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year – end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognized in "Other comprehensive income" and allocated to non – controlling interest as appropriate.

e) Strategic report

A strategic report has not been included in the Financial Statements as the Partnership qualifies for exemption as a small entity under Section 382 of the Companies Act 2006 relating to small entities as applied to LLPs.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

3. ACCOUNTING POLICIES – (CONTINUED)

f) Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost (less any permanent diminution in value). Acquisition costs are capitalised as incurred and are included in the assets' carrying amount.

g) Cash flow

The Partnership has taken advantage of the exemption from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Partnership's cash flows are included within the Consolidated Statement of Cash Flows of its ultimate parent entity, Aviva Investors Infrastructure Income Limited Partnership. Please refer to Note 14 for further information.

h) Tangible assets

Tangible assets are stated at their historic purchase cost, together with any incidental expenses of acquisition less accumulated depreciation. Costs include the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

The cost of Biomass assets under development are treated as assets under construction and includes all costs associated with bringing the asset into productive use and related cost directly attributable to the specific development. A property ceases to be a development asset when brought into productive use, and will begin to depreciate on a straight line basis over its estimated useful economic life.

i) Depreciation

Once brought into productive use, depreciation is provided to write off plant and machinery less its estimated residual value on a straight line basis over its estimated useful economic life of 25 years.

j) Cash and cash equivalents

Cash and cash equivalents comprise of cash and cash on deposit with banks, both of which are immediately available.

k) Intangible assets

Intangible assets that are acquired by the Partnership and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. These are being amortised over a 25-year period (20-year period in 2015) commencing on 20 August 2015.

The intangible asset was recognised when the trade and assets of Sunrise Renewables (Hull) Limited was transferred to the Company. This relates to an option on the land, planning permissions granted and other developer costs incurred prior to acquisition.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

3. ACCOUNTING POLICIES – (CONTINUED)

l) Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

m) Current liabilities

Other payables are recognised on an accruals basis.

n) Financial instruments

The Partnership has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Financial assets are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Basic financial assets, including debtors, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount has been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

3. ACCOUNTING POLICIES – (CONTINUED)

n) Financial instruments – (continued)

i. Financial assets – (continued)

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make which meet the conditions above are measured at cost (which may be nil) less impairment. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

iv. Financial instruments disclosure exemption

The Partnership has taken advantage of the exemption, under FRS 102, from disclosure of its financial instruments, on the basis that it is a qualifying entity and the Partnership's financial instruments are disclosed within the consolidated financial statements of its parent entity, Aviva Investors Infrastructure Income Limited Partnership.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

3. ACCOUNTING POLICIES – (CONTINUED)

o) Interest receivable and similar income

Interest receivable on cash at bank is recognised on an accruals basis. Other interest receivable and similar income is recognised using the effective interest rate method.

p) Interest payable and similar expenses

Interest payable and similar charges are recognised on an accruals basis and include loan facility interest.

q) Related party transactions

The Partnership discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Members, separate disclosure is necessary to understand the effect of the transactions on the Partnership's financial statements.

The Partnership has taken advantage of the exemption, under FRS 102, from disclosure of transactions with related parties who are wholly owned within the same group. The Group includes the Partnership, its parent undertakings and its fellow subsidiary undertakings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Partnership's financial Statements requires the Members to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Partnership's accounting policies, the Members have made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

(a) Impairment of non-financial assets

Fixed assets and other non-financial assets are reviewed for impairment at each reporting date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – (CONTINUED)

(a) Impairment of non-financial assets – (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5. OPERATING LOSS

	2016	2015
	£	£
This is stated after	22,628	6,720
Auditors' remuneration		
Foreign exchange gain	41,750	-
	<u>64,378</u>	<u>6,720</u>

The Partnership did not have any employees during the current year or previous year. Directors were employed and remunerated by Aviva Investors Employments Services Limited. No recharge was made by the parent company for their services.

6. TAXATION

The Partnership is not subject to taxation and no provision for taxation on Partnership profits has been made in the Financial Statements. Any tax on income or capital is the responsibility of each individual member.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

7. INVESTMENTS		
	2016	2015
	£	£
Investment in subsidiary undertaking		
Cost		
At start of year	2,296,241	-
Acquisition of subsidiary during the year	1,858,140	2,296,241
At end of year	<u>4,154,381</u>	<u>2,296,241</u>
Impairment		
At start of year	(2,296,241)	-
Impairment during the year	(1,858,140)	(2,296,241)
At end of year	<u>(4,154,381)</u>	<u>(2,296,241)</u>
Net book value		
At end of year	<u>-</u>	<u>-</u>

The Partnership holds directly 100% of ordinary share capital of Sunrise Renewables (Hull) Limited which is incorporated in the United Kingdom and whose principal activity is that of investment in Biomass renewable power. On 18 October 2016, the external partners to Biomass UK No. 1 LLP (the "LLP") gave written notice that they wished to surrender a portion of their membership units for consideration of £1,858,140. The total consideration payable was offset against loan receivables plus accrued interest owing to the LLP (Please refer to Note 13 and Note 14).

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

8. TANGIBLE ASSETS

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	<u>£</u>	<u>£</u>
Cost		
At start of year	8,888,166	-
Additions during the year	<u>18,533,396</u>	<u>8,888,166</u>
At end of year	<u>27,421,562</u>	<u>8,888,166</u>
Accumulated depreciation		
At start of the year	-	-
Charge during the year	<u>-</u>	<u>-</u>
At end of year	<u>-</u>	<u>-</u>
Net book value		
At end of year	<u>27,421,562</u>	<u>8,888,166</u>

9. INTANGIBLE ASSETS

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	<u>£</u>	<u>£</u>
Cost		
At start of year	2,287,030	-
Additions during the year	<u>-</u>	<u>2,287,030</u>
At end of year	<u>2,287,030</u>	<u>2,287,030</u>
Accumulated amortization		
At start of year	(42,921)	-
Charge during the year	<u>(91,481)</u>	<u>(42,921)</u>
At end of year	<u>(134,402)</u>	<u>(42,921)</u>
Net book value		
At end of year	<u>2,152,628</u>	<u>2,244,109</u>

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

10. DEBTORS

Amounts falling due within one year

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	<u>£</u>	<u>£</u>
Loan to R J Frearson	-	600,000
Loan to J D Wardle	-	1,200,000
Loan interest receivable	-	17,753
VAT receivable	1,241	51,115
Amounts owed by related parties	3,489,902	980,780
Prepayments and other receivables	25	161,052
	<u>3,491,168</u>	<u>3,010,700</u>
Total debtors falling due after one year		

As of 8 November 2016, J D Wardle and R J Frearson (who had a combined interest of 25% in Biomass UK No 1 LLP) have surrendered a total of 999 units in Biomass UK 1 LLP in order to offset a loan to individuals granted by The Partnership for a total amount of GBP 1,863,738 (principal amount plus accrued interest). As of 31 December 2016, R J Frearson and J D Wardle hold 16.7% combined interest.

11. CREDITORS: Amounts falling due within one year

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	<u>£</u>	<u>£</u>
Amount owed to group undertakings	1,839,339	1,667,691
Loan interest payable	1,175,153	286,617
Accounts payable	903,617	906,387
Accruals	1,156,409	28,212
	<u>5,074,518</u>	<u>2,888,907</u>

Amounts owed to related parties are unsecured, interest free and repayable on demand.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

12. CREDITORS: Amounts falling due after one year

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	£	£
12% Tranche A Loan	18,038,589	7,287,500
9.25% Tranche B Loan	18,465,061	7,335,467
	<u>36,503,650</u>	<u>14,622,967</u>

On 18 August 2015, the Partnership entered into a loan facility with Aviva Investors REaLM Infrastructure No. 3 Limited. The loan was utilised in two tranches: Tranche A with a maximum amount of £29,500,000 and bearing interest of 12.00% per annum, Tranche B with a maximum amount of £29,500,000 and bearing interest of 9.25% per annum. During the year, £10,751,089 (2015: £7,287,500) was drawn down on Tranche A and £10,751,089 (2015: £7,287,500) on Tranche B. An amount of £378,505 (2015: £47,967) representing Retail Price index ("RPI") adjustment on the loan was capitalised during the period. The loan is unsecured and repayable in full on 30 June 2032.

13. MEMBERS' CAPITAL CONTRIBUTION

	<u>31 Dec 16</u>	<u>31 Dec 15</u>
	£	£
R J Frearson	10	10
J D Wardle	15	15
Aviva Investors REaLM Infrastructure No. 3 Limited	75	75
	<u>100</u>	<u>100</u>

The Member units issued to R J Frearson and J D Wardle were as a consideration of their transfer of goodwill.

Under the Biomass UK No 1 LLP Agreement R J Frearson and J D Wardle acquired 2,500 member units in the Biomass UK No 1 LLP representing a 25% interest and Aviva Investors REaLM Infrastructure No 3 Limited acquired 7,500 units representing a 75% partnership interest. The Biomass UK No 1 LLP Agreement envisaged that R J Frearson and J D Wardle would not remain as partners in the long term. The provisions of the agreement enabled R J Frearson and J D Wardle to give written notice to Biomass UK No 1 LLP to surrender 999 membership units 12 months after financial close in consideration for a capital sum of £1,860 per unit. There is also a right to make further surrenders contingent on the performance of the Project. If the individuals do not exercise these rights then Aviva Investors REaLM Infrastructure No 3 Limited has the right, at certain times, to acquire the units. On 18 October 2016 R J Frearson and J D Wardle gave written notice to the Biomass UK No 1 LLP that they wished to surrender 999 membership units for a total consideration of £1,858,140. They have requested that the consideration be settled by offset against the loans (plus accrued interest) owing to the partnership of £1,863,738. According to the Biomass UK No 1 LLP agreement completion of the surrender occurred on 8 November 2016.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

14. RELATED UNDERTAKINGS

Name	Address of the registered office	Nature of business	Interest
Sunrise Renewables (Hull) Limited	St Helen's, 1 Undershaft, London, EC3P 3DQ	Production of electricity	100% ordinary shares

On 18 October 2016, the external partners to Biomass UK No. 1 LLP (the "LLP") gave written notice that they wished to surrender a portion of their membership units for consideration of £1,858,140. The total consideration payable was offset against loan receivables plus accrued interest owing to the LLP.

The remainder of their membership units are expected to be surrendered following Biomass UK No. 1 LLP becoming operational and the estimated consideration to be paid of £813,303 has been accrued for in the year ended 31 December 2016.

15. CAPITAL COMMITMENTS

At 31 December the Company has the following capital commitments:

	<u>2016</u>	<u>2015</u>
Contracts for future capital expenditure not provided in the financial statements - Assets under construction	14,482,633	-

16. OPERATING LEASES

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due:	<u>2016</u>	<u>2015</u>
Not later than one year	91,000	-
Later than one year and not later than five years	364,000	-
Later than five years	1,820,000	-

17. ULTIMATE PARENT AND CONTROLLING ENTITY

The Partnership's immediate parent undertaking is Aviva Investors REaLM Infrastructure No. 3 Limited and its ultimate parent undertaking is Aviva Investors Infrastructure Income Limited Partnership (formerly Aviva Investors REaLM Infrastructure Limited Partnership), which is registered in London.

Aviva Investors Infrastructure Income Limited Partnership, which has 100% interest of the Company, is both the largest and the smallest group of undertakings to consolidate these Financial Statements at 31 December 2016.

BIOMASS UK NO. 1 LLP
Registered in England and Wales: Number OC400324

Notes to the Financial Statements
as at 31 December 2016

17. ULTIMATE PARENT AND CONTROLLING ENTITY – (CONTINUED)

The consolidated Financial Statements of Aviva Investors Infrastructure Income Limited Partnership can be obtained from Company Secretary at St Helen's, 1 Undershaft, London, EC3P 3DQ.

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ