

Limited Liability Partnership Registration No. OC400324 (England and Wales)

BIOMASS UK NO.1 LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	Aviva Investors Infrastructure Income No.3 Limited I Shervell	(Appointed 15 January 2021)
Limited liability partnership number	OC400324	
Registered office	St Helen's 1 Undershaft London EC3P 3DQ	
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT	

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

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BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The member present their annual report and audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the partnership continued to be that of development and operation of Biomass assets.

Results and dividends

The members do not recommend the payment of a dividend for the financial year ending 31 December 2020 (2019: £nil).

Members' drawings, contributions and repayments

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par", subject to Note 19.

Designated members

The Designated Members who were in office during the year and up to the date of signing the Financial Statements were as follows:

J Wardle	(Resigned 6 March 2020)
Aviva Investors Infrastructure Income No.3 Limited	
R J Frearson	(Resigned 6 March 2020)
I Shervell	(Appointed 15 January 2021)

Post reporting date events

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Designated Member and there are no events to be disclosed or adjusted for in these audited financial statements.

Future developments

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

As part of the ongoing development of the Biomass assets, there are various claims being disputed with a third-party contractor which could, if successful, become material. We have engaged professional advisors to assess the validity of all claims, at present, they have not been presented with sufficient evidence from the counterparty to allow proper substantiation of all claims. The Members dispute the claims raised against the Partnership, based on current available advice and evidence.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

After making enquiries, the Members 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 Infrastructure Income No.3 Limited has confirmed that it will not call for repayment of any loan amounts owed to it by the Partnership for a 12 month period from the date of signing the Financial Statements. Therefore, the Members continue to adopt the going concern basis in preparing the Financial Statements.

There are various additional claims for material amounts being disputed with third party subcontractors, and at the date of approval of these financial statements the amount at which these claims may be settled cannot be determined. Consequently, the amount at which the asset under construction and the provisions for claims are recorded may be subject to material change.

Furthermore, the Partnership's forecasts show that if the additional claims were accepted, the Partnership may not be able to fund the payment of these liabilities, which results in a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership was unable to continue as a going concern.

Please refer to note 1.13 for further details.

Covid-19

On January 30, 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and real estate markets globally. The UK Government response to this being to initiate various emergency measures to protect occupiers and support businesses, such as the introduction of a furlough scheme and the government moratorium. In addition, the UK Government imposed various lockdowns throughout the year with the introduction of social distancing requirements and a ban on foreign travel, all of which added further stresses and demands to the economy.

Post entering into the third lockdown in late December 2020 the Government has put in place a roadmap to ease restrictions which included the roll out of the vaccination plan.

Whilst it is still not possible to fully assess the longer-term impact on specific industries or their constituents at this stage, the Members believe the entity has a strong balance sheet and the right strategy in place to mitigate against the worst consequences of the outbreak. The Members will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), 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, as applied to limited liability partnerships, 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 LLP and of the profit or loss of the LLP 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 LLP will continue in business

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

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

Statement of disclosure to auditors

So far as each person who was a designated member at the date of approving this report is aware, there is no relevant audit information of which the Partnership's auditors are unaware. Additionally, the designated members individually have taken all the necessary steps that they ought to have taken as designated members in order to make themselves aware of all relevant audit information and to establish that the Partnership's auditors are aware of that information.

Approved by the members on 24 September 2021 and signed on behalf by:

DocuSigned by:



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I Shervell
Designated Member

BIOMASS UK NO. 1 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOMASS UK NO. 1 LLP

Report on the audit of the financial statements

Disclaimer of opinion

Because of the significance of the possible impact of the uncertainties described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on Biomass UK No.1 LLP's financial statements (the "financial statements").

We were engaged to audit the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies. The financial reporting framework that has been applied in their preparation is 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).

Basis for disclaimer of opinion

During the course of our audit we identified multiple uncertainties which could have a possible impact on the financial statements.

Given the current activities of the Partnership, primarily the construction of a single biomass asset, the existence of material claims and uncertainties arising during the course of construction have a possible significant impact. The asset under construction is recorded in the balance sheet at 31 December 2020 at £62,217,613 including an amount of claims agreed and paid of £985,156. There are various additional claims for material amounts being disputed with third party subcontractors. At the date of approval of these financial statements we were unable to obtain sufficient appropriate audit evidence in relation to the accuracy and sufficiency of any provision required. Consequently, the amount at which the asset under construction and the provisions for claims are recorded may be subject to material change.

Furthermore, the Partnership's forecasts show that if the additional claims were accepted, the Partnership may not be able to fund the payment of these liabilities, which results in a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership was unable to continue as a going concern.

Further information about these matters is included in note 1.13.

Independence

We remained independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control

as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with ISAs (UK) and to issue an auditors' report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this report

This report, including the opinions, 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 these opinions, 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.

BIOMASS UK NO. 1 LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BIOMASS UK NO. 1 LLP

Other required reporting

Companies Act 2006 exception reporting

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the LLP.

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

- 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.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2021

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	2,184,171	173,528
Cost of sales		(282,305)	-
Gross profit		1,901,866	173,528
Administrative expenses		(9,156,254)	(3,554,125)
Other income		-	1,260,632
Loss for the financial year before members' remuneration and profit shares	4	(7,254,388)	(2,119,965)
Interest payable and similar expenses	7	(10,928,601)	(9,057,583)
Members' remuneration charged as an expense		(10,928,601)	(9,057,583)
Total comprehensive expense for the year		(18,182,989)	(11,177,548)

The Statement of Comprehensive Income for the year ended 31 December 2020 and year ended 31 December 2019 has been prepared on the basis that all operations are continuing operations.

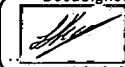
BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2020**

		2020		2019	
	Note	£	£	£	£
Fixed assets					
Intangible assets	9		1,786,903		1,878,379
Tangible assets	10		62,217,613		58,967,368
			<u>64,004,516</u>		<u>60,845,747</u>
Current assets					
Debtors	12	7,264,146		5,501,901	
Cash at bank and in hand		3,419,455		529,507	
		<u>10,683,601</u>		<u>6,031,408</u>	
Creditors: amounts falling due within one year	13	(25,593,606)		(17,514,239)	
Net current liabilities			<u>(14,910,005)</u>		<u>(11,482,831)</u>
Total assets less current liabilities			<u>49,094,511</u>		<u>49,362,916</u>
Creditors: amounts falling due after more than one year	14		(108,681,672)		(90,767,088)
Net liabilities attributable to members			<u>(59,587,161)</u>		<u>(41,404,172)</u>
Represented by:					
Total members' interests					
Members' capital contribution	16		100		100
Accumulated losses			(59,587,261)		(41,404,272)
Total members' interest			<u>(59,587,161)</u>		<u>(41,404,172)</u>

The financial statements were approved by the members and authorised for issue on 24 September 2021 and are signed on their behalf by:

DocuSigned by:

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 I Shervell

Designated member

Limited Liability Partnership Registration No. OC400324

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Members' capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		100	(30,226,724)	(30,226,624)
		<hr/>	<hr/>	<hr/>
Loss and total comprehensive expense for the financial year		-	(11,177,548)	(11,177,548)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2019		100	(41,404,272)	(41,404,172)
		<hr/>	<hr/>	<hr/>
Loss and total comprehensive expense for the financial year		-	(18,182,989)	(18,182,989)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2020		100	(59,587,261)	(59,587,161)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Limited liability partnership information

Biomass UK No.1 LLP is a limited liability partnership incorporated in England and Wales. The registered office is St Helen's, 1 Undershaft, London, EC3P 3DQ.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This partnership is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this partnership, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The partnership has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The partnership has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the partnership as an individual entity and not about its group.

The results of Biomass UK No.1 LLP are included in the consolidated financial statements of Aviva Investors Infrastructure Income Limited Partnership which are available from St Helen's, 1 Undershaft, London, EC3P 3DQ.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.2 Going concern**

After making enquiries, the designated members 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 Infrastructure Income No.3 Limited has confirmed that it will not call for repayment of any loan amounts owed to it by the Partnership for a 12 month period from the date of signing the Financial Statements. Therefore, the Members continue to adopt the going concern basis in preparing the Financial Statements.

There are various additional claims for material amounts being disputed with third party subcontractors, and at the date of approval of these financial statements the amount at which these claims may be settled cannot be determined. Consequently, the amount at which the asset under construction and the provisions for claims are recorded may be subject to material change.

Furthermore, the Partnership's forecasts show that if the additional claims were accepted, the Partnership may not be able to fund the payment of these liabilities, which results in a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership was unable to continue as a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. In practical terms this means revenue from electricity generation is recognised in the period the electricity was generated.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.4 Members' participating interests**

Members' participation rights are the rights of a member against the LLP 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 LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Rights to use the land	25 years straight line
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1.6 Tangible fixed 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 plant under development are treated as assets under construction and includes all costs associated with bringing the asset into productive use and related costs 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. All additional costs capitalised after the date of the asset being brought into productive use will be subject to a full year's depreciation in the year of addition.

Plant and equipment	25 years straight line
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BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.7 Impairment of fixed assets**

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.9 Financial instruments**

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

Basic 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 period financial assets measured at amortised costs 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 a 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 would have 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 investments in equity instruments that are not publicly traded and whose fair value cannot be measured reliably are measured at cost less impairment.

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 derecognized 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 risk and rewards of ownership, control of the asset has been transferred to another party which has practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Other financial assets

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 profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)*****Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a 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 would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of 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 at fair value through profit or loss, which are initially measured at fair value (transaction price excluding transaction costs).

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)*****Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Offsetting

Financial assets and liabilities are offset and the net amount 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.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the limited liability partnership.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.12 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 transaction 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.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.13 Basis for Disclaimer of opinion**

During the year the primary activity of the Partnership has been the construction of a single biomass asset. The asset under construction is recorded in the statement of financial position at 31 December 2020 at £62,217,613 (2019: £58,967,368) including an amount of claims agreed and paid of £985,156 (2019: £985,156). There are various additional claims for material amounts being disputed with third party subcontractors, and at the date of approval of these financial statements the amount at which these claims may be settled cannot be determined. Consequently, the amount at which the asset under construction and the provisions for claims are recorded may be subject to material change.

Furthermore, the Partnership's forecasts show that if the additional claims were accepted, the Partnership may not be able to fund the payment of these liabilities, which results in a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership was unable to continue as a going concern.

The designated members have assessed the uncertainty and do not consider any future settlement probable. Due to the nature of the claims, that are confidential and commercially sensitive, the designated members do not think it is in the Partnership's best interest to include any further disclosure.

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****3 Turnover**

An analysis of the limited liability partnership's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Electricity production	2,184,171	173,528

During the previous year the Partnership commenced generation of electricity following a period of non-activity whilst the asset was under construction.

4 Loss for the financial year before members' remuneration and profit shares

	2020	2019
	£	£
Loss is arrived at after charging/(crediting) the following:		
Exchange losses	3,247	19,593
Depreciation of owned tangible fixed assets	1,924,254	-
Amortisation of intangible assets	91,476	91,476
Other income	-	(1,260,632)

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £3,247 (2019: £19,593).

As part of the contractual arrangements with the balance of plant contractor, the Partnership held retention bonds that would be enforced due to a failure in service contract and termination of that contract. During the previous accounting year the Partnership successfully claimed under these retention bonds and were paid the amount as disclosed within other income.

5 Auditors' remunerations

	2020	2019
	£	£
Fees payable to the Partnership's auditors:		
For audit services		
Audit of the financial statements of the LLP	19,245	16,423

During the year no non-audit fees were paid to statutory auditors (31 December 2019: £Nil).

6 Employees

The Partnership did not have any employees during the current or previous year.

The Members received remuneration of £nil (2019: £nil) for their services during the year.

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	10,928,601	9,057,583

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****8 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.

9 Intangible assets

Rights to use the land
£

Cost

At 1 January 2020 and 31 December 2020	2,287,030
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Accumulated amortisation

At 1 January 2020	408,651
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Amortisation charged for the year	91,476
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At 31 December 2020	500,127
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Carrying amount

At 31 December 2020	1,786,903
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At 31 December 2019	1,878,379
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10 Tangible assets

Plant and equipment
£

Cost

At 1 January 2020	64,324,031
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Additions	5,174,499
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At 31 December 2020	69,498,530
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Accumulated depreciation and impairment

At 1 January 2020	5,356,663
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Depreciation charged in the year	1,924,254
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At 31 December 2020	7,280,917
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Carrying amount

At 31 December 2020	62,217,613
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At 31 December 2019	58,967,368
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BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****11 Subsidiaries**

Details of the limited liability partnership's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Sunrise Renewables (Hull) Limited	UK	Biomass power	Ordinary	100.00	-

The subsidiary was liquidated post year end on the 22 March 2021.

12 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	381,401	329,306
Amounts owed by group undertakings	6,787,773	5,172,570
Other debtors	-	1
Prepayments and accrued income	94,972	24
	<u>7,264,146</u>	<u>5,501,901</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	84,699	217,071
Amounts owed to group undertakings	5,331,177	4,855,651
Loan interest payable	18,792,502	10,154,801
Accruals and deferred income	1,385,228	2,286,716
	<u>25,593,606</u>	<u>17,514,239</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

14 Creditors: amounts falling due after more than one year

		2020	2019
	Note	£	£
Loans from group undertakings	15	108,681,672	89,240,773
Provisions - contingent payment		-	1,526,315
		<u>108,681,672</u>	<u>90,767,088</u>

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****15 Loans and overdrafts**

	2020 £	2019 £
Loans from group undertakings - Tranche A	52,581,456	43,081,457
Loans from group undertakings - Tranche B	56,100,216	46,159,316
	<u>108,681,672</u>	<u>89,240,773</u>
Payable after one year	<u>108,681,672</u>	<u>89,240,773</u>

Loans from group undertakings are unsecured.

On 18 August 2015, the Partnership entered into a loan facility with Aviva Investors Infrastructure Income No.3 Limited. The loan was utilised in two tranches; Tranche A with a maximum amount of £50,000,000 and bearing interest of 12.00% per annum and Tranche B with a maximum amount of £50,000,000 and bearing interest of 9.25% per annum. Interest is payable on a quarterly basis. An amount of £440,900 (31 December 2019: £783,772) representing Retail Price Index ("RPI") adjustment on the loan was added to the loan principal during the year. The loan is repayable in full on 30 June 2032. For the year ended 31 December 2020, interest expense of £10,487,701 (2019: £8,273,812) was recognised in the Statement of Comprehensive Income.

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2020****16 Members' capital contribution**

	2020 £	2019 £
R J Frearson	-	10
J D Wardle	-	15
Aviva Investors Infrastructure Income No.3 Limited	100	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 Biomass UK No.1 LLP representing a 25.00% interest and Aviva Investors Infrastructure Income No.3 Limited acquired 7,500 units representing a 75.00% 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 Infrastructure Income No.3 Limited has the right, at certain times, to acquire the units. In 2016, R J Frearson and J D Wardle gave written notice to Biomass UK No.1 LLP whereby they surrendered 999 membership units for a total consideration of £1,858,140, this was settled by offset against the loans (plus accrued interest) owing to the partnership.

During the year J D Wardle and R J Frearson surrendered all of their member units in accordance with the Biomass UK No 1 LLP agreement.

The consideration for the surrender of the members units was £2,800,438 (2019: £Nil) to R J Frearson and £2,800,535 (2019: £Nil) to J D Wardle.

17 Operating lease commitments

At the reporting end date the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	91,000	91,000
Between two and five years	364,000	364,000
In over five years	1,336,578	1,427,578
	<u>1,791,578</u>	<u>1,882,578</u>

BIOMASS UK NO.1 LLP

Limited Liability Partnership Registration No. OC400324 (England and Wales)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Events after the reporting date

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Designated Member and there are no events to be disclosed or adjusted for in these audited financial statements.

19 Controlling party

The Partnership's immediate parent undertaking is Aviva Investors Infrastructure Income No.3 Limited, a company incorporated in the United Kingdom, and its ultimate parent undertaking is Aviva Investors Infrastructure Income Unit Trust, which is registered in Jersey.

Aviva Investors Infrastructure Income Limited Partnership, which has 100.00% interest of the Partnership, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Aviva Investors Infrastructure Income Limited Partnership are available on application to:

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

The General Partner of the Aviva Investors Infrastructure Income Limited Partnership is the Aviva Investors Infrastructure GP Limited, a company incorporated in Great Britain and registered in England and Wales.