

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 2022



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
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 SE12RT

BIOMASS UK NO.1 LLP

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

CONTENTS

	Page(s)
Members' report	1 - 3
Independent auditors' report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 21

BIOMASS UK NO.1 LLP

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

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The members present their annual report and audited financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the LLP continued to be that of development and operation of Biomass and Energy from Waste assets.

Results and dividends

The members do not recommend the payment of a dividend for the financial year ending 31 December 2022 (2021: £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 LLP. 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".

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:

Aviva Investors Infrastructure Income No.3 Limited
I Shervell

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 Directors. Post the year end the company has settled a dispute with a third party subcontractor on full and final terms closing out material uncertainties from the dispute.

Future developments

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

Going concern

As at 31 December 2022, the LLP had net liabilities of £83,319,616 (31 December 2021: £75,093,055) and net current liabilities of £5,694,781 (31 December 2021: net current asset £4,174,090). Included within the net liabilities is an unsecured loan of £160,840,380 from Aviva Investors Infrastructure Income No.3 Limited. Aviva Investors Infrastructure Income No.3 Limited has confirmed that it will not seek repayment of part or all of the amount loaned to this LLP for at least 12 months from the date of the approval of these financial statements, where to do so would place this LLP in an insolvent position.

Aviva Investors Infrastructure Income No.3 Limited has also confirmed that it will provide additional support as required by the LLP in order to settle its liabilities as they fall due. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

Post the year end the Company has settled a dispute with a third party subcontractor on full and final terms closing out material uncertainties from the dispute. Funds are drawn from Aviva Investors Infrastructure Income No.3 Limited via the current loan facility to facilitate the settlement.

BIOMASS UK NO.1 LLP

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

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Covid-19, Ukraine/Russia conflict and inflationary pressures

Whilst the Covid-19 pandemic continued to impact on certain parts of the global economy during 2022, restrictions are now lifted in all major economies. There was no material Covid-19 related impact on the LLP during 2022 nor is any anticipated for 2023.

The ongoing conflict between Ukraine and Russia, which commenced in February 2022, together with the economic sanctions placed on Russia has had a material impact to many economies with elevated level of inflation leading to central banks swiftly increasing interest rates. Whilst this is expected to moderate in 2023, there is some uncertainty around this, due to the continued high levels of core inflation within western economies. The Directors continues to closely monitor the associated geo-political risks in relation to inflation, rising interest rates, volatile markets and any potential adverse impact on the LLP and its investment. However, as at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Directors does not envisage that this will have a material impact on the LLP.

Independent auditors

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

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.

Approved by the members on 2023 and signed on behalf by:

DocuSigned by:



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I Shervell

Designated Member

11/08/2023

BIOMASS UK NO.1 LLP

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOMASS UK NO.1 LLP

Report on the audit of the financial statements

Opinion

In our opinion, Biomass UK No.1 LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited 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 2022; 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the LLP's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

BIOMASS UK NO.1 LLP

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOMASS UK NO.1 LLP

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, 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 manipulation of financial data to present more favourable financial results. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

BIOMASS UK NO.1 LLP

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOMASS UK NO.1 LLP

Use of this report

This report, including the opinions, has been prepared for and only for the members of the LLP 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.

Other required reporting

Companies Act 2006 exception reporting

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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, 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.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 August 2023

BIOMASS UK NO.1 LLP

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	3,810,842	1,918,715
Cost of sales		(5,700,005)	(487,033)
Gross (loss)/profit		(1,889,823)	1,431,682
Administrative expenses		(6,336,738)	(11,014,060)
Loss for the financial year before members' remuneration and profit shares	4	(8,226,561)	(9,582,378)
Other income from investments	7	-	1,667,690
Interest payable and similar expenses	8	-	(7,591,206)
Members' remuneration charged as an expense		-	(5,923,516)
Total comprehensive expense for the year		(8,226,561)	(15,505,894)

The Statement of Comprehensive Income for the year ended 31 December 2022 and year ended 31 December 2021 has been prepared on the basis that all operations are continuing operations.

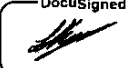
BIOMASS UK NO.1 LLP

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

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2022**

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		1,603,951		1,695,427
Tangible assets	11		85,683,393		64,977,808
			<u>87,287,343</u>		<u>66,673,235</u>
Current assets					
Debtors	12	5,427,482		5,149,351	
Cash at bank and in hand		756,669		963,300	
		<u>6,184,151</u>		<u>6,112,651</u>	
Creditors: amounts falling due within one year	13	(11,878,932)		(1,938,561)	
Net current (liabilities)/ assets			<u>(5,694,781)</u>		<u>4,174,090</u>
Total assets less current liabilities			<u>81,592,562</u>		<u>70,847,325</u>
Creditors: amounts falling due after more than one year	14		(164,912,178)		(145,940,380)
Net liabilities attributable to members			<u>(83,319,616)</u>		<u>(75,093,055)</u>
Represented by:					
Total members' interests					
Members' capital contribution	16		100		100
Accumulated losses			(83,319,716)		(75,093,155)
Total members' interest			<u>(83,319,616)</u>		<u>(75,093,055)</u>

The financial statements on pages 7 to 21 were approved by the members and authorised for issue on 11 August 2023 and are signed on their behalf by:

DocuSigned by:

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J 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 2022**

	Members' capital contribution £	Profit and loss reserves £	Total members' interest £
Balance at 1 January 2021	100	(59,587,261)	(59,587,161)
Loss and total comprehensive expense for the financial year	-	(15,505,894)	(15,505,894)
Balance at 31 December 2021	100	(75,093,155)	(75,093,055)
Loss and total comprehensive expense for the financial year	-	(8,226,561)	(8,226,561)
Balance at 31 December 2022	100	(83,319,716)	(83,319,616)

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 2022

1 Accounting policies

Limited liability partnership information

Biomass UK No.1 LLP is a limited liability partnership incorporated in the United Kingdom. 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 December 2018, 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 principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

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 LLP 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 LLP, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The LLP 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 LLP 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 LLP 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.

1.2 Going concern

As at 31 December 2022, the LLP had net liabilities of £83,319,616 (31 December 2021: £75,093,055) and net current liabilities of £5,694,781 (31 December 2021: net current asset £4,174,090). Included within the net liabilities is an unsecured loan of £160,840,380 from Aviva Investors Infrastructure Income No.3 Limited. Aviva Investors Infrastructure Income No.3 Limited has confirmed that it will not seek repayment of part or all of the amount loaned to this LLP for at least 12 months from the date of the approval of these financial statements, where to do so would place this LLP in an insolvent position.

Aviva Investors Infrastructure Income No.3 Limited has also confirmed that it will provide additional support as required by the LLP in order to settle its liabilities as they fall due. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

Post the year end the Company has settled a dispute with a third party subcontractor on full and final terms closing out material uncertainties from the dispute. Funds are drawn from Aviva Investors Infrastructure Income No.3 Limited via the current loan facility to facilitate the settlement.

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 2022

1 Accounting policies

(Continued)

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.

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.

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 Cost of Sales

Cost of sales are items purchased in direct relation to ensuring the continuing operation of the Plant

1.6 Admin Expenses

Admin expenses are items purchased in relation to overheads and utilities which are not in direct relation to the continuing operation of the plant

1.7 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

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 2022****1 Accounting policies****(Continued)****1.8 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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1.9 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.

1.10 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.

1.11 Decommissioning Provision

The LLP makes a full provision for the future cost of the decommissioning of its Biomass plant on a discounted basis. The decommissioning provision represents the present value of decommissioning costs, which are expected to be incurred when the plant ceases operations at the end of the lease term in 2040.

The decommissioning provision and its assumptions are reviewed regularly to take into account any material changes in the economic environment and the basis for the provision.

The discount rate used in the calculation of the provision as at 31 December 2022 was 4.06%.

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 2022

1 Accounting policies

(Continued)

1.12 Financial instruments

The LLP 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 LLP 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 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 2022

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 LLP 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 and loans from fellow group 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 2022

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 LLP 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 LLP'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.

1.13 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.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 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.

1.16 Related party transactions

The LLP 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 LLP's Financial Statements.

The LLP 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 LLP, 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 2022

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.

2.1 Critical judgements and assumptions

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

2.1 a Loan modification

The terms to the existing loan borrowings from Aviva Investors Infrastructure Income No.3 Limited (refer to Note 15) have been modified on 1st July 2021. Management has taken into consideration both the quantitative and qualitative factors to determine whether the modification of the terms of the loans provided to the underlying investments is substantial.

The quantitative assessment has concluded that, because the modification creates a more than 10% change in the present value of the expected cash flows, this is quantitatively a substantial change. The qualitative assessment has concluded that the removal of the terms linking repayments to inflation represents a qualitatively substantial change. As a result, the changes to terms result in the old loans being derecognised, and new loans recognised.

2.2 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.

2.2a 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.

2.2 b Decommissioning Provision

The LLP makes a full provision for the future cost of the decommissioning of its Biomass plant on a discounted basis. The decommissioning provision represents the present value of decommissioning costs, which are expected to be incurred when the plant ceases operations at the end of the lease term in 2040.

The decommissioning provision and its assumptions are reviewed regularly to take into account any material changes in the economic environment and the basis for the provision.

The discount rate used in the calculation of the provision as at 31 December 2022 was 4.06%.

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 2022****3 Turnover**

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

	2022	2021
	£	£
Turnover analysed by class of business		
Electricity production	3,810,842	1,918,715

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

	2022	2021
	£	£
Loss is arrived at after charging/(crediting) the following:		
Depreciation of owned tangible fixed assets	3,163,070	2,794,744
Amortisation of intangible assets	91,476	91,476
Operating lease charges	389,583	122,151

5 Auditors' remunerations

	2022	2021
	£	£
Fees payable to the LLP's auditors:		
For audit services		
Audit of the financial statements of the LLP	23,502	19,572

During the year no non-audit fees were paid to statutory auditors (2021: £Nil).

6 Employees

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

The Members received remuneration of £nil (2021: £nil) for their services during the year.

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 2022****7 Other income from investments**

	2022	2021
	£	£
Dividends received	-	1,667,690

Dividend income has been received from subsidiaries following their liquidation during the year.

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	-	7,591,206

9 Taxation

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

10 Intangible assets

	Rights to use the land
	£
Cost	
At 1 January 2022 and 31 December 2022	2,287,030
Accumulated amortisation	
At 1 January 2022	591,603
Amortisation charged for the year	91,476
At 31 December 2022	683,079
Carrying amount	
At 31 December 2022	1,603,951
At 31 December 2021	1,695,427

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 2022****11 Tangible assets**

	Plant and equipment £
Cost	
At 1 January 2022	75,053,469
Additions	23,868,655
At 31 December 2022	98,922,124
Accumulated depreciation and impairment	
At 1 January 2022	10,075,661
Depreciation charged in the year	3,163,070
At 31 December 2022	13,238,731
Carrying amount	
At 31 December 2022	85,683,393
At 31 December 2021	64,977,808

Post the year end the LLP has settled a dispute with a third party subcontractor on full and final terms closing out material uncertainties from the dispute

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	661,522	942,115
Amounts owed by group undertakings	3,779,299	3,830,256
Prepayments and accrued income	986,660	376,980
	5,427,481	5,149,351

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

	2022	2021
	£	£
Trade creditors	2,557,453	1,168,530
Amounts owed to group undertakings	125,334	125,334
Accruals and deferred income	9,196,145	644,697
	11,878,932	1,938,561

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

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 2022****14 Creditors: amounts falling due after more than one year**

	Note	2022 £	2021 £
Loans and overdrafts	15	160,840,380	145,940,380
Decommissioning Provision		<u>4,071,798</u>	<u>-</u>
		<u>164,912,178</u>	<u>145,940,380</u>

The LLP makes a full provision for the future cost of the decommissioning of its Biomass plant on a discounted basis. The decommissioning provision represents the present value of decommissioning costs, which are expected to be incurred when the plant ceases operations at the end of the lease term in 2040.

The decommissioning provision and its assumptions are reviewed regularly to take into account any material changes in the economic environment and the basis for the provision.

The discount rate used in the calculation of the provision as at 31 December 2022 was 4.06%.

15 Loans and overdrafts

	2022 £	2021 £
Loans from group undertakings - Tranche A	81,296,457	72,093,923
Loans from group undertakings - Tranche B	79,543,923	73,846,457
	<u>160,840,380</u>	<u>145,940,380</u>
Payable after one year	<u>160,840,380</u>	<u>145,940,380</u>

Loans from group undertakings are unsecured.

On 18 August 2015, the LLP 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 £85,000,000 and bearing interest of 12.00% per annum and Tranche B with a maximum amount of £85,000,000 and bearing interest of 9.25% per annum. Interest is payable on a quarterly basis. An amount of £nil (2021: £1,700,162) representing Retail Price Index ("RPI") adjustment on the loan was added to the loan principal during the year, prior to 1 July 2021. The loan is repayable in full on 30 June 2032. For the year ended 31 December 2022, interest expense of £nil (2021: £5,891,044) was recognised in the Statement of Comprehensive Income.

On 1 July 2021, the terms of existing loans with Aviva Investors Infrastructure Income No.3 Limited were modified through a Deed of Amendment. The modification to the terms is considered a substantial modification, as described in Note 2.1(a). Consequently, the existing loans were derecognised and new loans recognised (in the table above, the 2021 column represents the newly recognised loans, the 2020 column the derecognised loans).

The terms of the new loans are, however, identical to those which existed prior to 1 July 2021 (as set out above), except that from 1 July 2021, the interest rate will be 0%, and there will be no indexation. It is the intention of the Directors of Aviva Investors Infrastructure Income No.3 Limited that the loans are further amended such that they become interest bearing once the LLP's facilities reach steady state operations.

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 2022****16 Members' capital contribution**

	2022	2021
Aviva Investors Infrastructure Income No.3 Limited	100	100

17 Operating lease commitments**Lessee**

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:

	2022	2021
	£	£
Within one year	136,500	91,000
Between two and five years	546,000	364,000
In over five years	1,731,867	1,245,578
	<u>2,414,367</u>	<u>1,700,578</u>

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 Directors. Post the year end the LLP has settled a dispute with a third party subcontractor on full and final terms closing out material uncertainties from the dispute.

19 Controlling party

The LLP'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 LLP, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Aviva Investors Infrastructure Income Limited Partnership are available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1Undershaft, 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.