

L1 GENERAL PARTNER LIMITED

Company registration number: SC510047

UNAUDITED ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

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**Partnership
Accounts**

L1 GENERAL PARTNER LIMITED
For the year ended 31 March 2020

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COMPANY INFORMATION

Company registration number	SC510047
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Company secretary	USS Secretarial Services Limited
Directors	Damian M Holland Benjamin M Levenstein Emma L Singh

DIRECTORS' REPORT

The Directors of L1 General Partner Limited (the "Company") submit their annual report and the unaudited financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company was incorporated on 3 July 2015 in Scotland. The principal activity of the Company during the year was acting as a General Partner to the L1 Limited Partnership (the "Partnership"). The principal activity of the Partnership is a finance investment in L1 Renewables Limited, a company investing in loans to the renewable energy sector in the United Kingdom.

RESULTS AND DIVIDENDS

The retained profit for the year was £455. No dividends have been paid or proposed.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year are set out on page 1. The Directors have no interests in the shares of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company has qualified for exemption from an audit under section 477 of the Companies Act 2006. Consequently, no independent auditors' report is included within this annual report.

DIRECTORS' REPORT (CONTINUED)

SMALL COMPANIES

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

STRATEGIC REPORT EXEMPTION

The Company was entitled to exemption from preparing a Strategic Report under Section 414B of the Companies Act 2006 relating to small companies.

By order of the Board

A handwritten signature in black ink, appearing to read 'Damian M Holland', with a long, sweeping horizontal stroke extending to the right.

Damian M Holland
Director
16 September 2020

L1 GENERAL PARTNER LIMITED

For the year ended 31 March 2020

4**STATEMENT OF TOTAL COMPREHENSIVE INCOME**

	Note	2020 £	2019 £
Turnover	2	1,000	1,000
Administrative expenses		(438)	(438)
Profit before taxation		562	562
Taxation	4	(107)	(107)
Profit on ordinary activities after taxation		455	455

All amounts relate to continuing operations.

There were no other gains or losses in the period since inception and accordingly a statement of other comprehensive income has not been presented.

The notes on pages 7 to 8 form part of these financial statements.

L1 GENERAL PARTNER LIMITED

For the year ended 31 March 2020

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Company registration number: SC510047

		2020	2019
	Note	£	£
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	4,751	3,751
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	(2,239)	(1,694)
NET ASSETS		<u>2,512</u>	<u>2,057</u>
CAPITAL AND RESERVES			
Called-up share capital	7	1	1
Profit and loss account		2,511	2,056
TOTAL SHAREHOLDER FUNDS		<u>2,512</u>	<u>2,057</u>

For the year ending 31 March 2020 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The Directors have not required the Company to obtain an audit of its financial statements for the period in question in accordance of section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 section 1A.

The notes on pages 7 to 8 form part of these financial statements.

The financial statements on pages 4 to 8 were approved by the Board of Directors on 16 September 2020 and were signed on its behalf by:



Damian M Holland
Director

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 31 March 2019	1	2,056	2,057
Profit for the year	-	455	455
At 31 March 2020	1	2,511	2,512

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 31 March 2018	1	1,601	1,602
Profit for the year	-	455	455
At 31 March 2019	1	2,056	2,057

The notes on pages 7 to 8 form part of these financial statements.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of L1 General Partner Limited have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

The Company has taken advantage of the exemption in FRS 102 1A.7 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The functional currency of the company is pounds sterling because that is the currency of the primary economic environment in which the company operates.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous financial year.

2 TURNOVER

Turnover represents the fixed profit share generated by L1 Limited Partnership.

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

None of the Directors received any emoluments from the Company during the current or previous financial year. The Company had no employees during the current or previous financial year. All administrative duties are performed by employees of the Parent company, Universities Superannuation Scheme Limited.

4 TAXATION

The tax charge comprises:	2020	2019
	£	£
Current tax:		
UK Corporation Tax at 19%	107	107
Tax on profit on ordinary activities	107	107

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly.

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Priority profit share	4,750	3,750
Share capital receivable	1	1
	4,751	3,751

L1 GENERAL PARTNER LIMITED

For the year ended 31 March 2020

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NOTES TO THE ACCOUNTS (CONTINUED)**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Corporation tax accrual	107	107
Amount due to parent undertaking	2,132	1,587
	<u>2,239</u>	<u>1,694</u>

Amount due to parent undertaking has no interest charge and is repayable on demand.

7 CALLED-UP SHARE CAPITAL

	2020	2019
	£	£
Allotted and called-up		
1 ordinary share of £1	<u>1</u>	<u>1</u>

Payment for the ordinary shares was outstanding as at 31 March 2020, as illustrated in note 5.

8 RELATED PARTY TRANSACTIONS

The Company was due a priority profit share of £1,000 (2019: £1,000) during the year from L1 Limited Partnership. The balance due from L1 Limited Partnership at the end of the financial year was £4,750 (2019: 3,750), as shown in note 5.

At 31 March 2020 the Company was owed £1 (2019: £1) in respect of share capital from L1 Holdco Limited, as shown in note 5.

Universities Superannuation Scheme Limited ("the Parent Company"), which is the ultimate controlling company, has settled £545 (2019: £1,587) of invoices and tax liabilities on behalf of the Company during the year as the Company does not have a bank account. Amounts due to the Parent Company as at 31 March 2020 was £2,132 (2019: £1,694), as shown in note 6.

9 CONTROL

The immediate controlling company is L1 Holdco Limited (company registration number 09668462). L1 Holdco Limited is wholly owned by the Parent Company, Universities Superannuation Scheme Limited, in its capacity as the sole corporate trustee of the Universities Superannuation Scheme (the "Scheme"), a company registered in the United Kingdom. The Parent Company presents individual financial statements, which are publicly available for review at the registered office of the Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.

The Parent Company as the trustee of the Scheme owns the share capital of a number of special purpose entities to aid the efficient administration of the Scheme investments. The results of the special purpose entities have not been consolidated into the financial statements of the Parent Company because they are considered to be assets of the Scheme. Details of these entities, may be obtained by writing to the registered office of the Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.

L1 Limited Partnership

Registration number: SL021445

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

L1 Limited Partnership

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L1 Limited Partnership

Partnership information

Registration number	SL021445
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Company secretary of L1 General Partner Limited	USS Secretarial Services Limited
Directors of L1 General Partner Limited	Damian M Holland Benjamin M Levenstein Emma L Singh
Independent auditor	Ernst and Young LLP 25 Churchill Place London E14 5EY

L1 Limited Partnership

For the year ended 31 March 2020

Strategic report

L1 General Partner Limited (the “General Partner”) presents its Strategic Report of L1 Limited Partnership (the “Partnership”) for the year ended 31 March 2020.

The Partnership was registered on 13 July 2015 in Scotland under the Limited Partner Act 1907.

L1 Renewables Financing Limited and L1 Renewables Funding Limited are wholly owned subsidiaries of the Partnership. L1 Renewables Limited is wholly owned by Universities Superannuation Scheme Limited (“USSL”) (“the Parent Company”) in its capacity as the sole trustee for Universities Superannuation Scheme (the “Scheme”). L1 Renewables Financing Limited, L1 Renewables Funding Limited and L1 Renewables Limited, together referred to as “L1 Renewables”, hold a portfolio of loans to renewable energy projects throughout the United Kingdom.

Principal activities, business review and future developments

The principal activity of the Partnership is that of a lending company to L1 Renewables.

The interest earned on this during the year was £14,774,836 (2019: £20,208,719). The net assets of the Partnership at 31 March 2020 were £523,852,540 (2019: £413,685,158).

During the year the Partnership subscribed to £99,650,000 of preference shares issued by NextEnergy Solar Fund Limited (“NextEnergy”), with a fixed coupon of 4.75% per annum. Further details are provided in note 7.

The Partnership received £127,977,708 (2019: £129,089,029) of capital contributions in the year from USSL and made distributions of £47,934,969 (2019: £248,418,003) to USSL.

Going concern

In performing their going concern assessment, the General Partner has reviewed the principal risks and uncertainties facing the Partnership. The Partnership’s fundamental objective and purpose is to hold the investment on behalf of the Scheme and therefore the main risks from a going concern perspective relate to the ability of the Partnership’s underlying investments to continue to meet the liabilities as they fall due.

The risks identified are not considered to be of a magnitude which casts significant doubt on the Partnership’s ability to continue as a going concern. See further details in note 2d.

Key performance indicators (“KPIs”)

Given the straightforward nature of the business, the Partnership’s Directors are of the opinion that analysis using KPIs, other than the results shown above, is not necessary for an understanding of the development, performance or position of the business.

The investment manager monitors and reviews key financial and non-financial information captured in an annual asset management plan (AAMP), which is also used to check the reasonableness of the valuation model of the asset. The valuation model itself is verified against actual results as a measure of performance and this is included in the review at a fair value committee to assess the appropriateness of the valuation. Performance is monitored monthly through a combination of the investment manager’s fund accountants, performance dashboards and portfolio review committees.

L1 Limited Partnership
For the year ended 31 March 2020
Strategic report (continued)

Principal risks and uncertainties

The principal risk of the Partnership is the performance of the underlying loans to L1 Renewables, which are reliant upon the performance of the portfolio held by the companies. The General Partner has access to information on L1 Renewables and their portfolio through USS Investment Management Limited which acts as investment manager to the Parent Company, USSL, the ultimate owner of the Partnership.

Events after the reporting period

There were no events after the reporting period, which would require revision of the figures or disclosure in the financial statements.

Approved by the General Partner and signed on its behalf by:



Damian M Holland
Director
L1 General Partner Limited
16 September 2020

L1 Limited Partnership

For the year ended 31 March 2020

General Partner's report

The General Partner submits its annual report and the financial statements for L1 Limited Partnership for the year 31 March 2020.

Financial risk management and Future developments

Financial risk management and future developments are described in the Strategic Report on page 2 under principal risks and are further detailed in note 10.

General Partner directors and their interests

The Directors of L1 General Partner Limited who held office during the year and up to the date of approval of the financial statements are set out on page 1.

The Directors have no interests in the Partnership capital.

Directors' indemnities

The Limited Partner maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its Directors and Officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Statement of General Partner's responsibilities

The General Partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 ("FRS 102"), the financial reporting standard applicable in the UK and Republic of Ireland.

Under company law the General Partner 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 Partnership and of the profit or loss of the Partnership for that year. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with The Partnerships (Accounts) Regulations 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

L1 Limited Partnership
For the year ended 31 March 2020
General Partner's report (continued)

Statement of disclosure of information to auditor

Each of the persons who are Directors of the General Partner at the time when this General Partner's Report is approved has confirmed that:

- in so far as each Director is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Independent auditor

Ernst and Young LLP are currently appointed as auditor for the financial statements and have expressed their willingness to continue in office as auditor. Appropriate arrangements have been made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the General Partner



Damian M Holland
Director
L1 General Partner Limited
16 September 2020

L1 Limited Partnership

For the year ended 31 March 2020

Independent auditor's report to the members of L1 Limited Partnership

Opinion

We have audited the financial statements of L1 Limited Partnership for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Partners' Accounts and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

L1 Limited Partnership

For the year ended 31 March 2020

Independent auditor's report to the members of L1 Limited Partnership (continued)

Other information

The other information comprises the information included in the Strategic Report and the Report of the General Partner, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the General Partner for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the General Partner have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

L1 Limited Partnership

For the year ended 31 March 2020

Independent auditor's report to the members of L1 Limited Partnership (continued)

Responsibilities of the General Partner

As explained more fully in the General Partner's responsibilities set out on page 4, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines 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 Directors are responsible for assessing the Partnership'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 Directors either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

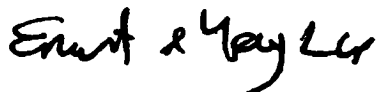
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ashley Coups (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 19 October 2020

L1 Limited Partnership
For the year ended 31 March 2020
Statement of Comprehensive Income

	Notes	2020 £	2019 £
Interest income	3	14,774,836	20,208,719
Dividend income	3	3,028,956	-
Unrealised gain/ (loss) on investments held at fair value through profit and loss	7	11,090,665	(117,943)
Other Income	3	1,313,330	5,798,210
Administrative expenses	4	<u>(83,144)</u>	<u>(6,720)</u>
Profit for the year		<u>30,124,643</u>	<u>25,882,266</u>

All amounts relate to continuing operations.

There were no other gains and losses other than those included in the statement of comprehensive income.

The notes on pages 12 to 21 form part of these financial statements.

L1 Limited Partnership
For the year ended 31 March 2020
Statement of Financial Position
Registered number: SL021445

	Notes	2020 £	2019 £
Non-current assets			
Loans held at amortised cost	6	187,454,796	212,406,996
Investments held at fair value through profit and loss	7	316,108,869	191,445,955
Current assets			
Debtors	8	20,839,727	9,841,957
Current liabilities			
Creditors: Amounts falling due within one year	9	(550,852)	(9,750)
Net current assets		20,288,875	9,832,207
Net assets		523,852,540	413,685,158
 Partner's capital contributions		 507,786,482	 400,668,899
Profit and loss reserve		16,066,058	13,016,259
Total Partner's funds		523,852,540	413,685,158

The notes on pages 12 to 21 form part of these financial statements.

The financial statements on pages 9 to 21 were approved by the General Partner and authorised for issue on 16 September 2020. The financial statements were signed on its behalf by:



Damian M Holland
Director

L1 Limited Partnership
For the year ended 31 March 2020
Statement of Changes in Partners' Accounts

	Partners' Capital Account £	Profit and loss reserve £	Total £
Balance as at 1 April 2019	400,668,899	13,016,259	413,685,158
Capital contributions	127,977,708	-	127,977,708
Profit for the year	-	30,124,643	30,124,643
Distributions	(20,860,125)	(27,074,844)	(47,934,969)
Balance as at 31 March 2020	507,786,482	16,066,058	523,852,540

	Partners' Capital Account £	Profit and loss reserve £	Total £
Balance as at 1 April 2018	455,152,332	51,979,536	507,131,868
Capital contributions	129,089,027	-	129,089,027
Profit for the year	-	25,882,266	25,882,266
Distributions	(183,572,460)	(64,845,543)	(248,418,003)
Balance as at 31 March 2019	400,668,899	13,016,259	413,685,158

The notes on pages 12 to 21 form part of these financial statements.

L1 Limited Partnership

For the year ended 31 March 2020

Notes to the financial statements

1. General information

L1 Limited Partnership is a limited partnership established in Scotland by the Limited Partnership Agreement dated 13 July 2015, under the Limited Partnership Act 1907. The Partnership shall determine immediately upon the written agreement of all Partners or upon the bankruptcy, insolvency, dissolution or liquidation of the General Partner.

The registered office of the Partnership is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous financial year.

a. Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and FRS 102, issued by the Financial Reporting Council. The principal accounting policies are set out below and have been applied consistently throughout the current and previous financial year.

The Partnership has chosen to apply the recognition and measurement requirements of FRS 102 section 11 in measuring its financial assets and financial liabilities.

The Partnership has not produced a cash flow statement on the basis that transactions did not require the use of cash or cash equivalents. Capital contribution from the shareholder was paid directly towards the funding of investments.

The Partnership has determined that it controls L1 Renewables Financing Limited and L1 Renewables Funding Limited on the basis of its percentage shareholding, the rights attributable to those shares and the power to govern its financial and operating activities. As controlled entities, they therefore meet the definition of a subsidiary. However, as these are held as part of an investment portfolio and measured at fair value through profit and loss, the subsidiaries are excluded from consolidation in accordance with FRS 102 Section 9.9C.

b. Critical judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and judgments that management have made in applying the Partnership's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

A critical judgement is raised in respect to the carrying value of investments, where an assessment of the ability of the loan portfolio to continue to perform is required. A key judgement made in the financial statements is that the loans to L1 Renewables are considered to meet the definition of a basic financial instrument.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

2. Accounting policies (continued)

c. Taxation

The Partnership is fiscally transparent and consequently no tax is chargeable for the current or previous financial year.

d. Going concern

The General Partner in its assessment of going concern has considered the impact of coronavirus. Coronavirus has brought about increased market uncertainty however the General Partner considers the Partnership to be operationally resilient and does not consider this to create a significant risk to the ability to continue as a going concern.

The Directors have access to information on L1 Renewables and the loans, which are monitored by USS Investment Management Limited, which acts as investment manager to the Parent Company acting in its capacity as the sole corporate trustee of the Scheme, the ultimate owner of the company.

Throughout the year under review and up to the date of these financial statements, there has been no defaults in the loan repayments receivable from L1 Renewables, interest payments have been received on time and there has been no restructure of the loans in place.

In making its assessment, the Directors have also considered confirmation received from Universities Superannuation Scheme Limited ("USSL"), acting in its capacity as sole corporate trustee of the Universities Superannuation Scheme (the "Scheme") that it intends to continue to provide financial support for the foreseeable future

Consequently, the Directors have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for a period of at least 12 months after the date of signing of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

e. Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. In accordance with FRS 102.22, financial instruments issued by the Partnership are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership; and
- where the instrument will or may be settled in the Partnership's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Partnership's own equity instruments or is a derivative that will be settled by the Partnership's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

2. Accounting policies (continued)

e. Financial instruments (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

The preference shares in NextEnergy have been treated as a debt instrument as the issuer has the option to redeem these shares from 1 April 2030 and the Partnership has a right to convert the shares into ordinary shares in NextEnergy from 1 April 2036.

f. Financial assets and liabilities

Initial recognition

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The loan to L1 Renewables Limited is being held at amortised cost. The loans to L1 Renewables Funding Limited and L1 Renewables Financing Limited are being held at fair value through profit or loss.

Subsequent measurement

Financial assets

Basic financial assets and liabilities including loans held at amortised cost, intercompany receivables/payables and 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 and liabilities are subsequently carried at amortised cost using the effective interest rate method. Carrying values are updated when revisions are made to amortisation schedules due to interest rate changes, new loan acquisitions and when loans refinance. Adjustments are made through profit and loss.

Financial assets and liabilities are assessed for impairment at each reporting end date.

Impairment

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

2. Accounting policies (continued)

f. Financial assets and liabilities (continued)

Impairment (continued)

Objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Partnership would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation, or adverse changes in the payment status of the borrower due to adverse national or local economic conditions or adverse change in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised.

If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled; (b) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Derecognition

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

g. Revenue recognition

Revenue is wholly attributed to the principal activity of the Partnership. Interest income is recognised at the effective rate multiplied by the carrying value of the asset in the period, while dividend and other income are recognised when the right to receive payment is established.

h. Functional currency

The financial statements are presented in GBP, which is the functional and presentation currency of the Partnership. This currency best represents the Partnership's activities as the financial assets and liabilities are denominated in GBP.

3. Income

Interest income of £14,774,836 (2019: £20,208,719) relates to income from the loans to L1 Renewables Limited, L1 Renewables Funding Limited and L1 Renewables Financing Limited.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

3. Income (continued)

Dividend income of £3,028,956 (2019: £nil) was received with respect to an investment made in preference shares of NextEnergy during the year.

Other income of £1,313,330 (2019: £5,798,210) received in the year was related to break costs on loans that refinanced during the year. These costs are calculated as either the total sum of the outstanding interest less any return received from reinvesting the cash at a bank rate, or the sum of the break costs received from the borrower from their onward loans and repayment of the loan monies. The different loans with underlying providers would determine which calculation is used.

4. Administrative expenses

Administrative expenses include auditor's remuneration of £5,620 (2019: £5,000) in respect of the audit of the financial statements for the year. No remuneration has been paid to the Partnership's auditor in respect of non-audit services in the current or previous financial year.

5. Employee and Directors' remuneration

The Partnership had no employees in the current or previous financial year. No remuneration was paid to the Directors of the General Partner during the current or previous financial year. Directors have been remunerated through an affiliated company for which costs are not recharged.

6. Loans held at amortised cost

	L1 Renewables Limited £
As at 31 March 2019	212,406,996
Loan drawdowns	974,783
Amortisation income	7,883,928
Capital repayments	(22,976,489)
Interest repayments	(10,834,422)
As at 31 March 2020	<u>187,454,796</u>

L1 Limited Partnership have provided total loans of £187,454,796 (2019: £212,406,996) to L1 Renewables Limited. The loans are carried at amortised cost using the effective interest rate method.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

7. Investments held at fair value through profit and loss

	£
As at 31 March 2019	191,445,955
Additions	99,650,000
Drawdowns	19,538,646
Amortisation income	6,890,908
Unrealised gain on investments	11,090,665
Capital repayments	(3,751,830)
Interest repayments	(8,755,475)
As at 31 March 2020	<u>316,108,869</u>

During the year the Partnership subscribed to £99,650,000 of preference shares issued by NextEnergy, with a fixed coupon of 4.75% per annum. NextEnergy have an option to redeem the shares from 1 April 2030 and the Partnership has a right to convert the shares into ordinary shares in NextEnergy from 1 April 2036.

Drawdowns relate to loans with L1 Renewables Funding Limited, as disclosed in note 12.

8. Debtors

	2020	2019
	£	£
Amount due from the Scheme	1	1
Accrued income	1,181,011	-
L1 Renewables Limited	7,692,317	7,574,467
L1 Renewables Funding Limited	11,966,398	2,518,941
L1 Renewables Financing Limited	-	(251,451)
	<u>20,839,727</u>	<u>9,841,957</u>

The balances due from L1 Renewables Limited and L1 Renewables Funding Limited are payable on demand and do not carry an interest charge.

Amounts due from the Scheme relate to amounts owed for share capital.

Accrued income relates to the dividend receivable from NextEnergy.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amount payable to L1 General Partner Limited	4,750	3,750
Accruals	36,120	6,000
Amount due to the Scheme	53,024	-
L1 Renewables Financing Limited	456,958	-
	<u>550,852</u>	<u>9,750</u>

The amount due to L1 General Partner Limited is related to the profit share due to the General Partner.

The amount due to the Scheme represents expenses paid by the Scheme on behalf of the Partnership.

Both balances are payable on demand and bear no interest charge.

The balances due to L1 Renewables Financing Limited relates to the difference between the amounts due as per the amortisation/ drawdown schedules of the shareholder loans and actual payments made.

10. Financial instruments and risk management

The carrying values of the Partnership's financial assets and liabilities are summarised by category below:

	Note	2020	2019
		£	£
Financial assets			
Loan receivables measured at amortised cost	6	187,454,796	212,406,996
Investments held at fair value through profit and loss	7	316,108,869	191,445,955
Trade/ other debtors	8	20,839,727	9,841,957
Total		<u>524,403,392</u>	<u>413,694,908</u>
Financial liabilities			
Trade/ other creditors	9	550,852	9,750
Total		<u>550,852</u>	<u>9,750</u>

Loans

The loan to L1 Renewables Limited is considered to meet the definition of a basic financial instrument and as such, these investments are held at amortised cost using the effective interest rate method.

See note 12 for further details of the loans with each company.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

10. Financial instruments and risk management (continued)

Interest rates

Effective Interest rates on the loans to L1 Renewables Limited, L1 Renewables Financing Limited and L1 Renewables Funding Limited are 5.22%, 2.50% and 5.17% respectively. The loans are repayable in instalments every 3 months as per the amortisation schedules related to the loan agreement.

Maturity Analysis

	2020	2019
	£	£
Financial assets		
Less than 1 year	20,839,727	9,841,957
More than 1 year	503,563,665	403,852,951
Financial liabilities		
Less than 1 year	550,852	9,750

Risks

a. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership, however the Partnership does not have any exposure to this risk as of the reporting date.

b. Liquidity risk

The liquidity risk of the Partnership is considered by the General Partner to be low on the basis that the Partnership's liabilities are offset against the Partnership's assets which are against the same counterparty. As such, a maturity analysis for financial liabilities has not been presented.

c. Currency risk

The principal assets and liabilities of the Partnership are denominated in GBP, which is the functional currency of the Partnership. Therefore the Partnership has limited currency risk exposure.

11. Events after the reporting period

There are no events to report after the end of the reporting period.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

12. Related party transactions

Loan balances

The Partnership has entered into separate loan agreements with the L1 Renewables entities.

The loans to L1 Renewables Financing Limited and L1 Renewables Funding Limited have been classified under investments held at fair value within these financial statements. These loans have been held at amortised cost in the individual financial statements of L1 Renewables Financing Limited and L1 Renewables Funding Limited. The below table provides a reconciliation between the financial statements of L1 Renewables Financing Limited and L1 Renewables Funding Limited, and these financial statements:

	L1 Renewables Financing Limited	L1 Renewables Funding Limited
	£	£
As at 31 March 2019	41,498,509	149,947,445
Drawdowns	-	19,538,646
Amortisation income	1,118,575	5,772,333
Unrealised gain on investments	1,727,854	(2,087,189)
Capital repayments	(102,559)	(3,649,271)
Interest repayments	(1,031,568)	(7,723,907)
As at 31 March 2020	43,210,811	161,798,057
Less: Fair value adjustments recognised in the Partnership in current and previous financial years	(2,601,011)	(2,015,047)
Balance per individual financial statements of subsidiary companies	40,609,800	159,783,010

Fair value adjustments relate to all fair value adjustments that have been recognised in the financial statements of the Partnership where loans are held at fair value, which have not been recognised in the individual financial statements of L1 Renewables Financing Limited and L1 Renewables Funding Limited as they have been held at amortised cost.

The loan to L1 Renewables Limited is being held at amortised cost in both the Partnership and in the financial statements of L1 Renewables Limited. Further details of the transactions throughout the year are summarised in note 6.

Expenses

The Scheme paid £53,024 (2019: £4,460) of expenses on behalf of the Partnership in the year.

Distributions

The Partnership made distributions totalling £47,934,969 (2019: £248,418,003) to the Scheme during the year.

L1 Limited Partnership
For the year ended 31 March 2020
Notes to the financial statements (continued)

12. Related party transactions (continued)

Debtors and creditors

	Amounts due from related parties		Amounts due to related parties	
	2020	2019	2020	2019
	£	£	£	£
L1 Renewables Limited	7,692,317	7,574,467	-	-
L1 Renewables Funding Limited	11,966,398	2,518,941	-	-
L1 Renewables Financing Limited	-	-	(456,958)	(251,451)
L1 General Partner Limited	-	-	(4,750)	(3,750)
Universities Superannuation Scheme	1	1	(53,024)	-

13. Immediate and ultimate holding company

The Partners and their respective interests in the Partnership are set out in the Strategic Report. The General Partner is wholly owned by L1 Holdco Limited, which is wholly owned by the Parent Company, USSL, acting in its capacity as the sole corporate trustee of the Scheme, a company registered in the United Kingdom. The Parent Company presents individual financial statements, which are publicly available for review at the registered office of the Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.

The Parent Company as the trustee of the Scheme owns the share capital of a number of special purpose entities to aid the efficient administration of the scheme investments. The results of the special purpose entities have not been consolidated into the financial statements of the Parent Company because they are considered to be assets of the Scheme. Details of these entities may be obtained by writing to the registered office of the Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.