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PARTNERSHIP
ACCOUNTS

UK WASTE RESOURCES AND ENERGY INVESTMENTS (GP) LIMITED

Audited Financial Statements
For the year ended 31 March 2017

Company number: SC420704

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Directors and Advisers

Director	Gary Fraser
Registered office	50 Lothian Road Festival Square Edinburgh Scotland EH3 9WJ
Auditors	KPMG LLP 15 Canada Square London E14 5GL

Director's Report

The director presents the report and financial statements of UK Waste Resources and Energy Investments (GP) Limited ("the Company") for the year ended 31 March 2017.

Principal activity

The principal activity of the company is that of a General Partner to UK Waste Resources and Energy Investments General Partner LP ("the Fund").

Director

The following director held office during the year to 31 March 2017:

Gary Fraser

Results and dividends

The results for the year are set out on pages 6 to 11.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Foresight Group LLP, the company's ultimate parent undertaking.

Foresight Group LLP has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Auditors

The director has decided to re-appoint KPMG LLP as auditors.

Adequacy of information provided to the auditor

The director who held office at the date of approving this Director's Report confirms that, so far as they are aware, there is no relevant information of which the company's auditor is unaware, and each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Gary Fraser
Director

12 July 2017

Statement of Director's Responsibilities and Disclosure to Auditors

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the director must not approve 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 reasonable open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of UK Waste Resources and Energy Investments (GP) Limited

For the year ended 31 March 2017

We have audited the financial statements of UK Waste Resources and Energy Investments (GP) Limited for the year ended 31 March 2017 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards in Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Director's report:

- we have not identified any material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of UK Waste Resources and Energy Investments (GP) Limited (continued)

For the year ended 31 March 2017

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London

12 July 2017

Profit and Loss Account
For the year ended 31 March 2017

		Year ended 31 March 2017 £	Year ended 31 March 2016 £
Turnover	2	1,233,657	1,218,461
Administrative expenses	3	(1,238,177)	(1,222,661)
Loss on ordinary activities before taxation		(4,520)	(4,200)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		(4,520)	(4,200)

All activities relate to continuing operations.

The company had no recognised gains and losses for the year ended 31 March 2017 other than those shown in the profit and loss account above.

The notes on pages 9 to 11 form an integral part of these financial statements.

Balance Sheet

As at 31 March 2017

		As at 31 March 2017 £	As at 31 March 2016 £
Current assets			
Debtors	5	195,193	97,722
		195,193	97,722
Current liabilities			
Creditors	6	(215,912)	(113,921)
Net current liabilities		(20,719)	(16,199)
Net liabilities		(20,719)	(16,199)
Capital & reserves			
Called up share capital	7	1	1
Profit & loss account		(20,720)	(16,200)
Shareholders' funds		(20,719)	(16,199)

These financial statements were approved by the Board of Directors and authorised for issue on 12 July 2017.
They were signed on its behalf by:



Gary Fraser

Director

The notes on pages 9 to 11 form an integral part of these financial statements.

Statement of Changes in Equity

As at 31 March 2017

	Share capital £	Profit & loss account £	Total equity £
Balance at 1 April 2016	1	(16,200)	(16,199)
Loss for the financial year	-	(4,520)	(4,520)
Balance at 31 March 2017	1	(20,720)	(20,719)

	Share capital £	Profit & loss account £	Total equity £
Balance at 1 April 2015	1	(12,000)	(11,999)
Loss for the financial year	-	(4,200)	(4,200)
Balance at 31 March 2016	1	(16,200)	(16,199)

The notes on pages 9 to 11 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation

UK Waste Resources and Energy Investments (GP) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Foresight Group LLP includes the Company in its consolidated financial statements. The consolidated financial statements of Foresight Group LLP are available to the public and may be obtained from the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Foresight Group LLP, the company's ultimate parent undertaking.

Foresight Group LLP has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Income and expenses

All income and expenses, inclusive of realised gains or losses, are accounted for on an accruals basis in the Profit and Loss Account. Income, expenses, gains and losses of UK Waste Resources and Energy Investments General Partner LP (the "Fund") are allocated under the terms of the Limited Partnership Agreement with the Fund. The Company's General Partner share is accounted for as income in the Profit and Loss Account, as described further in note 2.

Notes to the financial statements continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2. Turnover

Turnover of £1,233,657 (2016: £1,218,461) represents the amount receivable from UK Waste Resources and Energy Investments General Partner LP in respect of the general partner's share.

3. Administrative expenses

Loss on ordinary activities before taxation is stated after charging auditors' remuneration of £3,678 (2016: £3,588).

4. Tax on loss on ordinary activities

	2017 £	2016 £
UK corporation tax		
UK corporation tax on loss for the year	-	-
Total tax charge for the year	-	-

Factors affecting the tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%.

The differences are explained below.

	2017 £	2016 £
Loss on ordinary activities before tax	(4,520)	(4,200)
Tax at effective rate of 20%	(904)	(840)
Adjusted for:		
Losses carried forward	904	840
Total tax charge for the year	-	-

As at 31 March 2017 the Company had total unrecognised tax losses of £4,144 (2016: £3,240).

Notes to the financial statements continued

5. Debtors

	2017 £	2016 £
Other debtors	1	1
Amounts due from related parties	195,192	97,721
Total	195,193	97,722

6. Creditors

	2017 £	2016 £
Accruals	4,414	4,200
Amounts due to related parties	211,498	109,721
Total	215,912	113,921

7. Share capital

Allotted and called up	2017 £	2016 £
1 ordinary share of £1 each	1	1

8. Related parties

The Company is General Partner to the Fund, which is General Partner to UK Waste Resources and Energy Investments LP ("the Partnership"). The company is entitled to receive a general partner's share from the Fund for managing the Partnership. The general partner's share charge for the year was £1,233,657 (2016: £1,218,461). At 31 March 2017 the amount due from the Fund was £195,192 (2016: £97,721).

The Company is a 100% subsidiary of Foresight Group LLP. The company has appointed Foresight Group LLP ("the Manager") to manage and operate the Partnership. During the year, the Manager earned fees of £1,233,657 (2016: £1,218,461). At 31 March 2017 the amount due to the Manager in relation to fees was £195,192 (2016: £97,721).

During the year the Manager paid expenses on behalf of the company totalling £4,306 (2016: £4,200). At 31 March 2017 the amount due to the Manager in relation to expenses was £16,306 (2016: £12,000).

9. Ultimate parent undertaking

The ultimate parent undertaking is Foresight Group LLP.

UK WASTE RESOURCES AND ENERGY INVESTMENTS LP

Report and audited Financial Statements

For the year ended 31 March 2017

Company number: LP014971

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General Information

Registered Office

Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

Registered number: LP014971

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

General Partner

UK Waste Resources and Energy Investments General Partner LP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Partners

Green Investment Bank Plc	("GIB")
UK Waste Resources and Energy Investments General Partner LP	("GP")
UK Waste Resources and Energy Investments Founder Partner LP	("FP")

Report of the General Partner

For the year ended 31 March 2017

UK Waste Resources and Energy Investments General Partner LP, in its capacity as General Partner of the UK Waste Resources and Energy Investments LP ("the Partnership" or "the Fund"), presents its report and audited financial statements for the year ended 31 March 2017.

Limited Partnership

UK Waste Resources and Energy Investments LP was formally constituted on 3 April 2012 with a total of £50,500,000 committed to the Fund. A second amended Limited Partnership Agreement was finalised on 19 July 2013 with a subsequent increase of £18,483,000 committed to the Fund. A third amended Limited Partnership Agreement was finalised on 18 March 2015 with a subsequent increase of £10,352,500 committed to the Fund.

It is registered as a Limited Partnership in England & Wales with registered number LP014971.

Activities

The principal activity of the Fund is to invest in unquoted companies whose purposes are for the development, construction and operation of new waste infrastructure, or the extension of existing waste infrastructure in the UK.

Review of the Business and Future Developments

The Fund's investment period ended on 31 March 2015. At this date, 94% of the total Fund commitment was committed to eight projects, as detailed in the investment summary on page 15. The Fund's investments have been made through a combination of equity and subordinated loan stock alongside external investment. Of the £75.1 million committed to these eight projects £74.8 million had been invested at year end.

East London Biogas, Par Biogas, Evermore, Bridge Energy and Willen Biogas are now operational. The remaining three plants are expected to reach commercial operations during 2017.

Financial Risks

The risks of the Partnership are managed as part of the overall risk management framework within Foresight Group LLP, acting as advisor to the General Partner. The partners of Foresight Group LLP are responsible for identifying and evaluating risks facing their areas of the business and procedures to control these risks, where possible, are reviewed and agreed.

Going Concern

The General Partner has no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Partnership to continue as a going concern.

On the basis of their assessment of the Partnership's financial position the General Partner has a reasonable expectation that the Partnership will be able to continue in operational existence for the foreseeable future.

Results and Distributions

The results of the Fund for the year ended 31 March 2017 are set out in the financial statements on pages 7 to 21. Distributions of £0.5 million (2016: £nil) were made during the year.

Limited Partner of General Partner

The Limited Partner of the General Partner is:

UK Waste Resources and Energy Investments (GP) Limited

Independent Auditor

The General Partner has decided to re-appoint KPMG LLP as auditor.

Report of the General Partner (continued)

Note of Adequacy of Information provided to the auditor

The General Partner confirms that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware, and the General Partner has taken all steps that they are obliged to take in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of the information.

A handwritten signature in black ink, appearing to read 'Gary Fraser', with a long horizontal flourish extending to the right.

Gary Fraser, for and on behalf of UK Waste Resources and Energy Investments General Partner LP
29 June 2017

Statement of the General Partner's Responsibilities in respect of the General Partner's Report and of the Financial Statements

For the year ended 31 March 2017

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable laws, regulations and International Financial Reporting Standards (IFRS).

The General Partner is required to prepare audited financial statements for each financial period in accordance with the amended Limited Partnership Agreement dated 18 March 2015 ("LPA").

The LPA requires the General Partner to prepare financial statements for each financial period, which present the state of affairs of the Partnership and the income or deficit for that period.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure 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 accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that its financial statements comply with the LPA. The General Partner has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.



Gary Fraser, for and on behalf of UK Waste Resources and Energy Investments General Partner LP
29 June 2017

Independent Auditor's Report to the Members of UK Waste Resources and Energy Investments LP

We have audited the financial statements of UK Waste Resources and Energy Investments LP for the year ended 31 March 2017 set out on pages 7 to 21, which have been prepared on the basis of the accounting policies set out in note 2 to the financial statements.

This report is made solely to the Partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Partners those matters we have been engaged to state to them in this 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 Partners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the General Partner and auditor

As explained more fully in the Statement of General Partner's Responsibilities set out on page 5, the General Partner is responsible for the preparation of the financial statements in accordance with the amended Limited Partnership Agreement dated 18 March 2015.

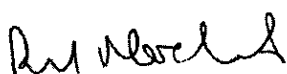
Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 20 April 2015 and having regard to International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements for the year ended 31 March 2017 have been properly prepared, in all material respects, in accordance with the accounting policies set out in note 2 to the financial statements and in accordance with the amended Limited Partnership Agreement dated 18 March 2015.



Philip Merchant
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E15 5GL
29 June 2017

Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Revenue	7	9,476,071	5,073,158
Administrative expenses	8	(26,508)	(22,340)
Profit for the year before priority profit share		9,449,563	5,050,818
Priority profit share	11	(1,233,657)	(1,218,461)
Profit after priority profit share		8,215,906	3,832,357
Investment holding gains	3	1,482,886	6,484,483
Profit for the year		9,698,792	10,316,840
Other comprehensive income		-	-
Total comprehensive profit for the year		9,698,792	10,316,840

All items dealt with in arriving at the comprehensive income for the year relate to continuing operations.

There are no items in the year that may require a reclassification to profit or loss.

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

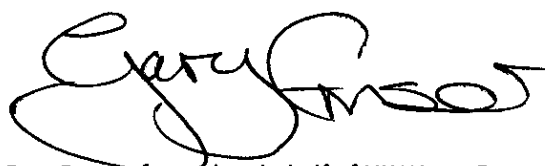
Statement of Financial Position

As at 31 March 2017

Company number: LP014971

	Note	31 March 2017 £	31 March 2016 restated £
Assets			
Investments	3, 13	97,164,393	87,110,842
Non-current assets		97,164,393	87,110,842
Trade and other receivables	4, 13	2,241,299	123,874
Cash and cash equivalents		3,718	233,708
Current assets		2,245,017	357,582
Total assets		99,409,410	87,468,424
Liabilities			
Trade and other payables	5	(221,592)	(162,494)
Current liabilities		(221,592)	(162,494)
Net assets		99,187,818	87,305,930
Net assets attributable to Partners			
Partners' loan account	6	77,379,905	75,196,809
Profit and loss account	6	21,807,913	12,109,121
Partners' capital account		99,187,818	87,305,930

The financial statements on pages 7 to 21 were approved and authorised for issue by the General Partner on 29 June 2017 and were signed on its behalf by:



Gary Fraser, for and on behalf of UK Waste Resources and Energy Investments General Partner LP

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

Statement of Changes in Net Assets attributable to Partners
For the year ended 31 March 2017

Year ended 31 March 2017	£
Balance at 1 April 2016	87,305,930
Total comprehensive income for the year	9,698,792
Total contributions by partners	2,652,930
Distributions to partners	(469,834)
Balance at 31 March 2017	99,187,818

Year ended 31 March 2016	£
Balance at 1 April 2015	51,011,523
Total comprehensive income for the year	10,316,840
Total contributions by partners	25,977,567
Balance at 31 March 2016	87,305,930

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

Net Assets attributable to Partners

As at 31 March 2017

	FP £	GP £	GIB £	Total £
Partners' Capital account				
At 1 April 2016	-	744,542	74,452,267	75,196,809
Capital contributions	20	26,267	2,626,643	2,652,930
Distributions	-	(4,652)	(465,182)	(469,834)
At 31 March 2017	<u>20</u>	<u>766,157</u>	<u>76,613,728</u>	<u>77,379,905</u>
Profit and loss account				
At 1 April 2016	-	119,893	11,989,228	12,109,121
Net profit for the year	-	96,027	9,602,765	9,698,792
At 31 March 2017	<u>-</u>	<u>215,920</u>	<u>21,591,993</u>	<u>21,807,913</u>
Net assets attributable to partners	<u>20</u>	<u>982,077</u>	<u>98,205,721</u>	<u>99,187,818</u>

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

Statement of Cash Flows
For the year ended 31 March 2017

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Cash flows from operating activities		
Profit after priority profit share for the year	8,215,906	3,832,357
Increase in trade and other receivables	(9,091,811)	(4,952,208)
Increase / (decrease) in trade and other payables	59,098	(65,492)
Net cash used in operating activities	(816,807)	(1,185,343)
Cash flows from investing activities		
Acquisition of investments	(1,596,279)	(24,622,493)
Net cash used in investing activities	(1,596,279)	(24,622,493)
Cash flows from financing activities		
Net cash introduced by partners	2,183,096	25,977,567
Net cash from financing activities	2,183,096	25,977,567
(Decrease) / increase in cash and cash equivalents	(229,990)	169,731
Cash and cash equivalents at 1 April	233,708	63,977
(Decrease) / increase in cash and cash equivalents	(229,990)	169,731
Cash and cash equivalents at 31 March	3,718	233,708

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

Notes to the Financial Statements

1. Reporting entity

UK Waste Resources and Energy Investments LP ("the Fund") is domiciled in England and Wales. The address of the Fund's registered office is The Shard, 32 London Bridge Street, London, SE1 9SG. The financial statements are for the Fund as a separate legal entity.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU.

(b) Going concern

The financial statements have been prepared on a going concern basis.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through the profit and loss, which are valued at fair value.

(d) Investment entity

The Fund has been deemed to meet the definition of an investment entity per IFRS 10, and therefore does not consolidate, as the following conditions exist:

- (a) The Fund has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) The Fund has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

(e) Assets held at fair value through profit or loss – investments

All investments held by the Fund are valued at "fair value through profit or loss". Fair value is calculated in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2015. This classification is followed, as the Fund's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. The amount of any impairment loss is measured as the difference between the asset's carrying amount and the expected recoverable amount. The carrying amount of the asset would be reduced and the amount of the loss recognised in the Profit and Loss Account.

(f) Functional and presentation currency

The financial statements are presented in pounds sterling, which is the Fund's functional currency. All financial information has been rounded to the nearest pound, except where otherwise indicated.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(g) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions which have a significant risk of causing a material misstatement of the financial statements relate to the valuation of investments and are discussed further in Note 2(i).

(h) Revenue and expenditure

Revenue comprises interest income (bank interest and loan interest). Interest income is recognised when it is probable that the economic benefits will flow to the Fund and the amount of revenue can be measured reliably. Loan interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable within the loan agreements. Per the loan agreements, unpaid loan interest can be rolled into the loan principle amount and, if applicable, penalty interest is also accrued on these unpaid amounts.

Expenses are the Fund's costs incurred in connection with the on-going management of the Fund's investments and administrative costs. Expenses are accounted for on an accruals basis.

(i) Financial assets at fair value through profit or loss

I. Classification

The Fund classifies its investments as financial assets at fair value through profit or loss ("FVTPL") at inception; these assets are managed and their performance evaluated on a fair value basis in accordance with its documented investment strategy.

II. Recognition/de-recognition

Purchases and sales of investments are recognised on the trade date. Trade date is the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

III. Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within interest income and other similar income.

IV. Fair value

The fair value of financial instruments that are not traded in an active market is determined by using standard valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions and discounted cash flow analysis.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(i) Financial assets and financial liabilities at fair value through profit or loss (continued)

IV. Fair value (continued)

IFRS require the Fund to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank and short term investments with original maturities of less than 90 days.

(k) Other financial assets and liabilities

Other financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Trade debtors and trade payables are accounted for at amortised cost.

(l) Taxation

Any taxation liabilities arising from the activities of the Partnership will be borne by the individual partners. Partners' taxation liabilities as a result of investment in the Partnership are not accounted for in these financial statements.

(m) Standards and interpretations not applied

At the date of authorisation of these Financial Statements, the following Standards and amendments, which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 9	Financial Instruments - Classification and Measurement (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)

The General Partner has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that these standards would not have a material impact on the Financial Statements.

(n) Priority profit share

Priority profit share is treated as an expense in the statement of comprehensive profit and loss. Under the terms of the Fund's Limited Partnership Agreement dated 18 March 2015, UK Waste Resources and Energy Investments General Partner LP ("the GP") was appointed General Partner of the Partnership. The Partnership pays a management fee to the GP for managing the Fund called the priority profit share ("the PPS"). The PPS is treated as an expense in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

3. Investments

As at 31 March 2017

	Security type	Fund ownership (Fully diluted) %	Initial investment date	Total committed	Current cost*	Fair value
				£	£	£
East London Biogas Limited	Shares	2	August 2012	600,000	600,000	-
	Loan notes		October 2012	1,400,000	1,400,000	634,998
ERE LPS Holdings Limited	Shares	49	July 2013	4,300,000	4,300,000	7,148,595
	Loan notes		October 2013	13,490,909	16,007,257	16,007,257
Birmingham Bio Power Limited	Shares	25	January 2014	1,775,006	1,775,006	1,788,005
	Loan notes		June 2014	4,369,220	5,372,048	5,372,048
Willen Biogas Limited	Shares	26	April 2014	744,961	744,961	28,330
	Loan notes		April 2014	6,954,646	8,643,297	8,643,297
Par Biogas Limited	Shares	26	April 2014	3	3	523,622
	Loan notes		April 2014	1,437,199	1,604,545	1,604,545
Bridge Energy (NI) Limited	Shares	26	June 2014	3	3	300,000
	Loan notes		June 2014	1,652,007	1,940,902	1,940,902
Mersey Bioenergy Holdings Limited	Shares	50	November 2014	249,500	249,500	-
	Loan notes		November 2014	9,850,500	12,886,920	12,672,325
Levenseat Renewable Energy Limited	Shares	35	March 2015	2,826,061	2,826,061	9,653,948
	Loan notes		March 2015	25,421,400	30,846,521	30,846,521
				<u>75,071,415</u>	<u>89,197,024</u>	<u>97,164,393</u>

*Current cost includes capitalised interest

Notes to the Financial Statements (continued)

3. Investments (continued)

	At 1 April 2015 £	Additions £	Capitalised interest £	Investment gains £	At 1 April 2016 £	Additions £	Capitalised interest £	Investment gains £	At 31 March 2017 £
Cost	48,554,937	24,622,493	7,448,929	-	80,626,359	1,596,279	6,974,386	-	89,197,024
Value	48,554,937	24,622,493	7,448,929	6,484,483	87,110,842	1,596,279	6,974,386	1,482,886	97,164,393

As at 31 March 2016 (restated)

	Security type	Fund ownership (Fully diluted) %	Initial investment date	Total committed £	Current cost* (Note 13) £	Fair Value (Note 13) £
East London Biogas Limited	Shares	2	August 2012	600,000	600,000	-
ERE LPS Holdings Limited	Loan notes		October 2012	1,400,000	1,400,000	1,179,945
	Shares	49	July 2013	4,300,000	4,300,000	5,326,723
	Loan notes		October 2013	13,490,909	15,007,257	15,007,257
Birmingham Bio Power Limited	Shares	25	January 2014	1,775,006	1,775,006	1,860,941
	Loan notes		June 2014	4,369,220	4,383,561	4,383,561
Willen Biogas Limited	Shares	26	April 2014	744,961	744,961	1,575,637
	Loan notes		April 2014	6,704,646	7,602,238	7,602,238
Par Biogas Limited	Shares	26	April 2014	3	3	327,663
	Loan notes		April 2014	1,437,199	1,487,082	1,487,082
Bridge Energy (NI) Limited	Shares	26	June 2014	3	3	362,697
	Loan notes		June 2014	1,652,007	1,567,234	1,567,234
Mersey Bioenergy Holdings Limited	Shares	50	November 2014	249,500	249,500	-
	Loan notes		November 2014	9,850,500	11,308,718	10,045,544
Levensat Renewable Energy Limited	Shares	35	March 2015	2,826,061	2,826,061	9,009,585
	Loan notes		March 2015	25,421,400	27,374,735	27,374,735
				74,821,415	80,626,359	87,110,842

*Current cost includes capitalised interest

Notes to the Financial Statements (continued)

4. Trade and other receivables

	2017 £	2016 restated £
Loan interest receivable (Note 13)	2,240,881	103,958
Other debtors	418	19,916
	<u>2,241,299</u>	<u>123,874</u>

5. Trade and other payables

	2017 £	2016 £
Priority profit share payable	195,192	97,721
Trade creditors	-	43,173
Accruals	26,400	21,600
	<u>221,592</u>	<u>162,494</u>

6. Partners' capital accounts

	Partners' capital £	Retained profit £	Total £
At 1 April 2016	75,196,809	12,109,121	87,305,930
Partners' loans received in the year	2,652,930	-	2,652,930
Distributions	(469,834)	-	(469,834)
Profit for the year	-	9,698,792	9,698,792
At 31 March 2017	<u>77,379,905</u>	<u>21,807,913</u>	<u>99,187,818</u>
At 1 April 2015	49,219,242	1,792,281	51,011,523
Partners' loans received in the year	25,977,567	-	25,977,567
Profit for the year	-	10,316,840	10,316,840
At 31 March 2016	<u>75,196,809</u>	<u>12,109,121</u>	<u>87,305,930</u>

7. Revenue

	2017 £	2016 £
Loan note interest accrued	9,465,910	5,068,098
Other income	10,161	5,060
	<u>9,476,071</u>	<u>5,073,158</u>

Notes to the Financial Statements (continued)

8. Administrative expenses

	2017 £	2016 £
Audit fee for the year	18,450	18,000
Taxation fee for the year	800	800
Other expenses	7,258	3,540
	26,508	22,340

9. Financial risk management

The Fund's financial instruments comprise:

- Equity shares and loan notes that are held in accordance with the Fund's investment objective.
- Cash, short-term debtors and creditors that arise directly from the Fund's operations.

The following categories of financial instruments were held at 31 March 2017:

	2017 £	2016 £
Investment portfolio	97,164,393	87,110,842
Cash	3,718	233,708
Debtors	2,241,299	123,874
Creditors	(221,592)	(162,494)

The Fund's investments expose it to a variety of financial risks: market risk (including price risk and interest rate), credit risk and liquidity risk. There is no exposure to foreign currency risk as all the assets and liabilities are in sterling and therefore not susceptible to foreign exchange movements.

The Fund's overall risk management program seeks to minimise potential adverse effects on the Fund's financial performance.

9.1 Market risk

At 31 March 2017 and 31 March 2016, the Fund's market risk is affected by two main components; changes in actual market prices and interest rates. There is no exposure to foreign currency movements.

(a) Price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Fund's investment objectives. It represents potential loss that the Fund might suffer through holding market positions in the face of market movements. The Fund manages market price risk through the application of venture capital techniques and investment structuring delegated to its Investment Adviser, Foresight Group LLP.

The investments in equity and loan notes of unquoted companies are rarely traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Fund to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2017 was £97,164,393 (31 March 2016: £87,110,842).

Notes to the Financial Statements (continued)

9.1 Market risk (continued)

(a) Price risk (continued)

Based on recent economic volatility, the General Partner and Investment Adviser feel that for indicative purposes, a movement of 15% in the unquoted investments is appropriate to show the impact of price risk. If unquoted investments move by 15%, this would create an increase or decrease in investments of £14.6 million.

The impact of fair value changes in reasonably possible alternative assumptions is discussed further in note 9.1(c).

(b) Interest rate risk

The fair value of the loan note investments may be affected by interest rate movements. Investments are in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk as at 31 March 2017 was £77,725,611 (31 March 2016: £68,881,305).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	2017 £	2016 restated £	2017 %	2016 %	2017 Days	2016 Days
Investment in loan notes exposed to fixed interest rate risk	77,721,893	68,647,597	11.7%	11.6%	4,835	5,268
Cash and cash equivalents	3,718	233,708	-	-	-	-
	77,725,611	68,881,305				

(c) Sensitivity analysis of changes in key inputs and assumptions which may significantly change valuations

The Fund's investments are valued with reference to the discounted value of future cash flows. A broad range of assumptions are used in the valuation models, which vary depending on the type of asset, these assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical. The General Partner considers the valuation methodology used, including the key assumptions and discount rate applied, to be reasonable. The General Partner reviews, at least quarterly, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

The key inputs for the valuation of each investment varies depending on the nature of the asset. The key inputs include power price, feedstock price/gate fee, plant availability, income from subsidies related to the production of renewable energy, the operating costs to run the plant and the rates that these cash flows are discounted over the remaining life of the asset (20-25 years).

A significant change in any of the key inputs and assumptions used could materially impact the value of the Investments. A 10% increase in the discount rates used would result in a reduction in the valuation of the investments of £8.0m. A 10% reduction in the discount rates used would result in an increase in the investment valuations of £9.5m. An increase in any of power price (sourced from third party projections), gate fee (determined by prevailing market rates), plant availability (monitored by third party engineer reports) or subsidy income (determined by government directives) would increase the valuation of investments. An increase in operating costs would decrease the valuation of investments.

Notes to the Financial Statements (continued)

9.2 Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Fund has paid for, or the failure by counterparties to pay for securities which the Fund has delivered. The Fund has exposure to credit risk in respect of the loan note investments it has made to investee companies, interest receivable and cash. The Investment Adviser receives management accounts from portfolio companies, and members of the investment management team sit on the board of portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk.

Cash transactions are limited to multi-national financial institutions. All debt investments consist of private equity investments. The Fund assesses all counterparties for credit risk before contracting.

At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following:

	2017 £	2016 restated £
Investment in loan notes	77,721,893	68,647,597
Interest receivable	2,240,881	103,958
Cash and cash equivalents	3,718	233,708
	<u>79,966,492</u>	<u>68,985,263</u>

9.3 Liquidity risk

The investments in equity and loan notes of unquoted companies that the Fund holds are not traded and they are not readily realisable. The ability of the Fund to realise the investments at their carrying value may at times not be possible if there are no willing purchasers.

At the reporting date, the Fund's investments were categorised as follows:

	2017 £	2016 restated £
Unquoted investments	97,164,393	87,110,842
	<u>97,164,393</u>	<u>87,110,842</u>

9.4 Fair value estimation

IFRS requires the Fund to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

The Fund invests in private equity via unquoted equity and loan securities. The Fund's investment portfolio is recognised in the Statement of Financial Position at fair value, in accordance with IPEVC Valuation Guidelines. An analysis of the Fund's investments by level is:

Notes to the Financial Statements (continued)

9.5 Fair value estimation (continued)

	As at 31 March 2017			Total £
	Level 1 £	Level 2 £	Level 3 £	
Unquoted investments	-	-	97,164,393	97,164,393
	-	-	97,164,393	97,164,393

	As at 31 March 2016 restated			Total £
	Level 1 £	Level 2 £	Level 3 £	
Unquoted investments	-	-	87,110,842	87,110,842
	-	-	87,110,842	87,110,842

There were no transfers between levels 1, 2 or 3 during the year.

9.6 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for its Partners. Net income and capital proceeds arising in respect of the investment are distributed to the Partners under the terms of the Partnership Agreement.

10 Organisation and control

The Limited Partners take no part in the operation of the Partnership or the management and control of its business and affairs, other than as provided by the Limited Partnership Act 1907 and as set out in the Limited Partnership Agreement. The General Partner is responsible for the management of the Partnership.

11 Related parties

The GP is entitled to receive a Priority Profit Share equal to 2% of the acquisition cost of the Original Investments as defined in the LPA. In relation to the Additional Investment amounts, which relate to the ERE LPS, Mersey Bioenergy and Levensat investments, the GP is entitled to receive a Priority Profit Share equal to 1.25% of the project committed amount of £34,421,414. The Priority Profit Share charge for the year was £1,233,657 (2016: £1,218,461). At 31 March 2017 the amount due to the GP was £195,192 (2016: £97,721).

12 Subsequent events

In April 2017 a conditional Sale and Purchase agreement was signed for Macquarie Group Limited to acquire GIB and a separate Sale and Purchase agreement was signed to sell their interest in the Fund to Bioenergy Infrastructure Limited. This is subject to third party consents but is expected to complete in July 2017.

13 Restatement of 2016 investment value and loan interest receivable

Investments and loan interest receivable for the year ended 31 March 2016 have each been restated by £7,448,929. This relates to unpaid accrued interest that should have been rolled into the loan principle during the year ended 31 March 2016 and previous years, as these amounts were expected to be recoverable through repayment of the loan principle. The net effect of this adjustment on net assets is £nil. There is no income statement impact. The restated balances are detailed below:

	As restated 2016 £	As reported 2016 £
Investments	87,110,842	79,661,913
Interest receivable	103,958	7,552,887