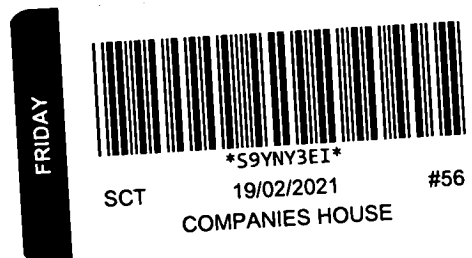


Registered Number: SC420704

UK Waste Resources and Energy Investments (GP) Limited

Annual Report and Financial Statements

29 June 2019



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Company Information

Registered Number: SC420704

Directors

M Helmore

S Johnson

R H McPherson

E Renton

Secretary

None

Registered Office

50 Lothian Road

Festival Square

Edinburgh

EH3 9WJ

Independent Auditor

BDO LLP

55 Baker Street

Marylebone

London

W1U 7EU

Directors' Report

The directors of UK Waste Resources and Energy Investments (GP) Limited (the "Company") present their directors' report for the period 1 April 2018 to 29 June 2019. The company extended its accounting period to align with its parent company.

Review of the business and principal activities

The principal activity of UK Waste Resources and Energy Investments (GP) Limited, a directly wholly owned subsidiary of UKWREI (GP) Limited, which in turn is an indirectly owned subsidiary of Bioenergy Infrastructure Limited (the parent of "the Bioenergy Group" or "the Group") for the year, was the holding of Group company investments.

Results and performance

The Company made a profit for the period of £18,894 (2018: a loss of £4,524) from continuing operations. As at 29 June 2019, the Company is in a net liabilities position of £6,349 (2018: £25,243).

Dividends

No dividends were declared or paid in the period (2018: £nil).

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are those linked to the activities of the wider Bioenergy Group. These are credit risk, liquidity risk, construction risk, operational performance risk and market risk.

Credit risk

Credit risk is the risk arising from the failure of a counterparty to pay its debts. Each new counterparty is analysed individually for creditworthiness, before negotiating bespoke contracts and payments terms in conjunction with each potential investment. The review includes external ratings, where available, and in some cases bank references. Contracts for gate fees and power purchase agreements are predominantly with investment grade and tier 1 counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Typically, the company ensures that it has sufficient cash on demand or borrowing facilities to meet expected operational expenses for a period of 1 year, including the servicing of financial obligations.

Construction risk

The Group continues to build and develop Bioenergy facilities at a number of sites and has invested in a number of projects under construction. As a condition of investment, the Group has a least one Director on the Board of the project company. Contractual penalties are in place to incentivise contractors to complete the projects on time. The operational cash flows from these companies support the repayment of loan investments and so managing these construction programmes with the contractors is an important activity for the Group. Bioenergy Infrastructure Limited (the intermediate parent of the Company) has established a team of sector experienced engineering and commercial staff in order to manage this risk; including specialist contractors who are present on site to supervise activities.

Operational performance risk

Once built the Bioenergy assets must be run efficiently in order to deliver the levels of profitability necessary to support the loan and equity investment into the Group. The projects typically operate with an outsourced Operations & Maintenance contract and so the performance and management of these contracts is key to the financial standing of the Group. Contracts are in place to incentivise providers to meet targets (as well as there being contractual penalties for not meeting required standards). When assets move from the construction to the operational phase, the Group retains a seat on the Board so that the performance of the assets can be actively managed.

Directors' Report (*continued*)

Principal risks and uncertainties (*continued*)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. In addition, the company operates in the waste and biomass markets and so the pricing of these feedstocks is a material factor in its profitability. This has been mitigated to the extent practical through supply contracts and the recruitment of industry specialists to manage this exposure.

Directors and their interests

The directors which served during the year and to the date of this report were as follows:

S W Blase (resigned 15 April 2019)
M D C Helmore
S Johnson
R H McPherson
B Wright (resigned 31 July 2020)
E Renton (appointed 16 September 2020)

No director had an interest in the share capital of the company at the balance sheet date or subsequently nor in the shares of any other Group company.

Political and charitable donations

No political or charitable donations have been made in the current period.

Going Concern

The Company is in a net liabilities position of £6,349 as at 29 June 2019 (2018: £25,243) and a net current liabilities position of £6,349 (2018: £25,243). The directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the financial statements, see note 2.

Events after the balance sheet date

There have been no material adjusting items since the financial period end (note 14).

Directors' statement as to disclosure of information to auditor

The directors who were members of the Board at the time of approving the directors' report are named on page 4. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware, and;
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' Report (continued)

Independent auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Small companies' exemptions

The directors have taken advantage of the small companies' exemption under the Companies Act 2006 in preparing the directors' report and have taken advantage of the exemption in the Companies Act 2006 (section 414B) for including a Strategic Review Statement in the financial statements, on the grounds that the company is small.

Approved by the Board and signed on its behalf by:



E Renton
Director
12 February 2021

Directors' Responsibility Statement

The directors are responsible for preparing the annual 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 IFRSs as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of UK Waste Resources and Energy Investments GP Limited ("the Company") for the 15 month period ended 29 June 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity, and the notes to the financial statements, 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 Financial Reporting Standard 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 state of the Company's affairs as at 29 June 2019 and of its profit for the period 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.

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. We are independent of the Company 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors Responsibilities Statement, the Directors are 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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Company 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 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.



Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

12 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the period ended 29 June 2019

	Note	Period 1 April 2018 to 29 June 2019 £	Year ended 31 March 2018 £
Turnover		18,894	437,268
Administrative expenses		-	(441,792)
Profit / (loss) before tax	5	18,894	(4,524)
Taxation	7	-	-
Profit / (loss) for the period		18,894	(4,524)

All activities relate to continuing operations.

There is no other income or expense recognised in the company statement of other comprehensive income in relation to the continuing operations other than loss for the period, therefore a statement of other comprehensive income is not presented.

The notes on pages 12 to 16 form an integral part of the financial statements.

Statement of Financial Position

As at 29 June 2019

	Note	29 June 2019 £	31 March 2018 £
Current assets			
Debtors	9	1	898,938
Total current assets		1	898,938
Current liabilities			
Creditors	10	(6,350)	(924,181)
Total current liabilities		(6,350)	(924,181)
Net current liabilities		(6,349)	(25,243)
Net liabilities		<u>(6,349)</u>	<u>(25,243)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		(6,350)	(25,244)
Shareholder deficit		<u>(6,349)</u>	<u>(25,243)</u>

The notes on pages 12 to 16 form an integral part of these financial statements.

The financial statements of UK Waste Resources and Energy Investments (GP) Limited (registered number SC420704) were approved by the board of directors and authorised for issue on 12 February 2021. They were signed on its behalf by:



E Renton
Director

Statement of Changes in Equity

For the period ended 29 June 2019

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2017	1	(20,720)	(20,719)
Loss for the year	-	(4,524)	(4,524)
Balance at 31 December 2017	1	(25,244)	(25,243)
Profit for the period	-	18,894	18,894
Balance at 29 June 2019	1	(6,350)	(6,349)

The notes on pages 12 to 16 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

UK Waste Resources and Energy Investments (GP) Limited (the Company) is a company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The registered office is stated on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 3 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Amounts are rounded to the nearest pound, unless otherwise stated.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Bioenergy Infrastructure Limited. The group accounts of Bioenergy Infrastructure limited are available to the public and can be obtained as set out in note 13.

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

2. Significant accounting policies

Basis of preparation

UK Waste Resources and Energy Investments (GP) Limited is a Company incorporated in Scotland under the Companies Act. The address of the registered office is given on page 2 and the nature of the Company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102 and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company has taken advantage of the disclosure exemptions under FRS 102:

- No cash flow statement has been presented;
- Disclosures in respect of the Company's financial instruments have not been presented; and
- No disclosure has been given for the aggregate remuneration of the key management personnel.

Where relevant, equivalent disclosures have been provided in the group accounts of Bioenergy Infrastructure Limited, in which the Company is consolidated. Copies of Bioenergy Infrastructure Limited accounts can be obtained from Companies House.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the directors' report on pages 3 to 5.

The Company is in a net liabilities position of £6,349 as at 29 June 2019 (2018: £25,243) and a net current liabilities position of £6,349 (2018: £25,243). The net current liabilities position is due to amounts owed to the Company's parent which are repayable on demand.

The Directors have considered the impact which the current economic downturn, triggered by Covid-19, could have on the ability of the Company to continue as a going concern. In their view, power generation and waste disposal will remain essential to the UK's infrastructure and they do not believe that an economic downturn would have a material impact on the company's future performance.

The Directors review and monitor cashflows monthly. The Directors have prepared a 12 month cash flow forecast from the date of signing and have received a letter of no recall for a period of 12 months from the date of signing in respect of the group creditor due in less than one year. On the basis of their assessment they have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Notes to the financial statements (*continued*)

2. Significant accounting policies (*continued*)

Operating result

Operating result is stated after charging administrative expenses.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Investments

Investments in partnerships are held at historic cost, less provision for impairment.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Notes to the financial statements (*continued*)

3. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2 the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affects both current and future periods. The Directors do not consider there to be any significant judgements applied in these financial statements.

4. Revenue

	Period to 29 June 2019 £	Year to 31 March 2018 £
General partner share (note 12)	-	437,268
Other income	18,894	-
	<u>18,894</u>	<u>437,268</u>

Other income relates to recharges of historic costs.

5. Profit before taxation

Fees payable to BDO LLP for the audit of the Company's financial statements for the current period of £2,640 (2018: to KPMG LLP of £3,770) have been borne by a fellow group company.

6. Directors' emoluments

No amounts were paid to the Company's directors during the period (2018: £nil).

7. Taxation

Analysis of tax charge arising in the period

	Period to 29 June 2019 £	Year to 31 March 2018 £
Current tax	-	-
Deferred tax	-	-
Total tax charge	<u>-</u>	<u>-</u>

Notes to the financial statements (*continued*)

7. Taxation (*continued*)

Factors affecting the current tax charge for the year/period

The charge for the period can be reconciled to the loss in the profit and loss account as follows:

	Period to 29 June 2019 £	Year to 31 March 2018 £
Profit/(loss) before tax	18,894	(4,452)
Loss before tax multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	3,590	(860)
Group relief	(2,639)	-
Creation of tax losses	-	860
Utilisation of tax losses	(951)	-
Total tax charge	-	-

At the balance sheet date, the Company had no unused tax losses (2018: £5,004) available for offset against future profits.

8. Dividends

No dividends were declared or paid in the period (2018: £nil).

9. Debtors

Amounts falling due within one year

	2019 £	2018 £
Other debtors	-	1
Amounts owed by fellow group companies	1	898,937
	1	898,938

10. Creditors

Amounts falling due within one year

	2019 £	2018 £
Accruals	-	4,524
Other creditors	-	898,937
Amounts owed to fellow group companies	6,350	20,720
	6,350	924,181

Notes to the financial statements (*continued*)

11. Share capital

	2019 £	2018 £
Authorised, issued and fully paid: 1 ordinary share of £1	1	1

The Company has one class of ordinary shares which carry no right to fixed income.

12. Related parties

The Company acts as General Partner to UK Waste Resources and Energy Investments General Partner LP (the "LP"). Up until 18 August 2017, the Company was entitled to receive a general partner share from the LP for managing the partnership. The general partner's share for the period to 18 August 2017 was £437,268. There was no general partner share receivable in the current period and no amounts were owed from the LP at the period end (2018: £nil).

In the prior year the Company appointed Foresight Group LLP to manage act as General Partner to the LP on its behalf and paid fees of £437,268, No fees were payable in the current period and no balances were outstanding at the period end (2018: £nil)

As at 31 March 2018 the LP was holding £898,937 of cash owed to the Company in relation to bond proceeds to the benefit of a number of the partnership's investments, see note 9 and 10. These amounts were settled in the current period.

13. Controlling party

In the opinion of the directors, the Company's ultimate controlling party is M&G plc, a Company incorporated in Great Britain. The Company's immediate parent company is Bioenergy Infrastructure Holdings Limited.

M&G plc is the parent undertaking of the largest group, and Bioenergy Infrastructure Limited the parent undertaking of the smallest group, for which consolidated financial statements are prepared.

Copies of the group financial statements of M&G plc and Bioenergy Infrastructure Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

14. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

The Directors have considered the impact which the current economic downturn, triggered by Covid 19, could have on the ability of the company to continue as a going concern. In their view, power generation and waste disposal will remain essential to the UK's infrastructure and they do not believe that an economic downturn would have a material impact on the company's future performance.

The Covid 19 pandemic is a non-adjusting post balance sheet date event.