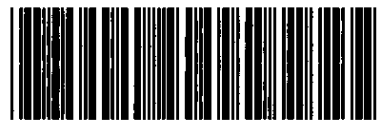


**UK WASTE RESOURCES AND ENERGY INVESTMENTS (GP) LIMITED**

**Audited Financial Statements  
For the year ended 31 March 2018**

**Company number: SC420704**

**Partnership  
Accounts**



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## **UK Waste Resources and Energy Investments (GP) Limited**

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**UK Waste Resources and Energy Investments (GP) Limited**

**Directors and Advisers**

<b>Director</b>	<b>Nigel Aitchison</b>
<b>Registered office</b>	<b>50 Lothian Road Festival Square Edinburgh Scotland EH3 9WJ</b>
<b>Auditors</b>	<b>KPMG LLP 15 Canada Square London E14 5GL</b>

## **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 2018.

### **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 directors held office during the year to 31 March 2018:

Gary Fraser (resigned 18 August 2017)

Nigel Aitchison (appointed 18 August 2017)

### **Results and dividends**

The results for the year are set out on pages 6 to 11. No dividends were declared or paid during the year.

### **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 holds a stake in the Fund such that it would be the beneficiary of 1% of realised investment proceeds. Therefore, should the Company require funds to meet its debts as they fall due, it would be able to realise sufficient funds via its investment stake in the Fund. The net liability position of the Company at year end would require the Fund to realise 3.3% of its investments for the LLP to receive sufficient distributions.

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.

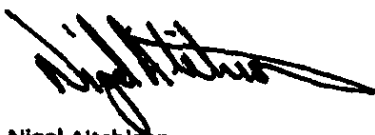
### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### **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



Nigel Aitchison  
Director

22 August 2018

## **Statement of Director's Responsibilities and Disclosure to Auditors**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

## **For the year ended 31 March 2018**

### **Opinion**

We have audited the financial statements of UK Waste Resources and Energy Investments (GP) Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, balance sheet and statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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

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

**For the year ended 31 March 2018**

- 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Henry Todd (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

**Chartered Accountants**

**15 Canada Square, London**

**23 August 2018**

**Profit and Loss Account**  
**For the year ended 31 March 2018**

		<b>Year ended 31 March 2018 £</b>	<b>Year ended 31 March 2017 £</b>
<b>Turnover</b>	<b>2</b>	<b>437,268</b>	<b>1,233,657</b>
<b>Administrative expenses</b>		<b>(441,792)</b>	<b>(1,238,177)</b>
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	<b>(4,524)</b>	<b>(4,520)</b>
<b>Tax on loss on ordinary activities</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>Loss for the financial year</b>		<b>(4,524)</b>	<b>(4,520)</b>

All activities relate to continuing operations.

The company had no recognised gains and losses for the year ended 31 March 2018 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.



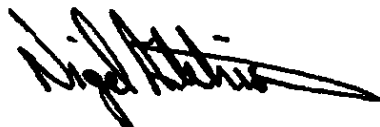
**UK Waste Resources and Energy Investments (GP) Limited**

**Balance Sheet**

**As at 31 March 2018**

		<b>As at 31 March 2018 £</b>	<b>As at 31 March 2017 £</b>
<b>Current assets</b>			
Debtors	5	<b>898,938</b>	195,193
		<b>898,938</b>	195,193
<b>Current liabilities</b>			
Creditors	6	<b>(924,181)</b>	(215,912)
<b>Net current liabilities</b>		<b>(25,243)</b>	(20,719)
<b>Net liabilities</b>		<b>(25,243)</b>	(20,719)
<b>Capital &amp; reserves</b>			
Called up share capital	7	<b>1</b>	1
Profit & loss account		<b>(25,244)</b>	(20,720)
<b>Shareholders' funds</b>		<b>(25,243)</b>	(20,719)

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2018. They were signed on its behalf by:



**Nigel Althison**

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 2018

	Share capital £	Profit & loss account £	Total equity £
Balance at 1 April 2017	1	(20,720)	(20,719)
Loss for the financial year	-	(4,524)	(4,524)
Balance at 31 March 2018	<u>1</u>	<u>(25,244)</u>	<u>(25,243)</u>

	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	<u>1</u>	<u>(20,720)</u>	<u>(20,719)</u>

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 has chosen to apply the small entities regime and therefore is not required to prepare a cash flow statement.

*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 holds a stake in the Fund such that it would be the beneficiary of 1% of realised investment proceeds. Therefore, should the Company require funds to meet its debts as they fall due, it would be able to realise sufficient funds via its investment stake in the Fund. The net liability position of the Company at year end would require the Fund to realise 3.3% of its investments for the LLP to receive sufficient distributions.

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 £437,268 (2017: £1,233,657) represents the amount receivable from UK Waste Resources and Energy Investments General Partner LP in respect of the general partner's share. Under the change of ownership that took place on 18 August 2017 the Company is no longer entitled to receive General Partner's Share.

### 3. Auditors remuneration

Loss on ordinary activities before taxation is stated after charging auditors' remuneration of £3,770 (2017: £3,678). There were no non-audit fees paid to the auditors.

### 4. Tax on loss on ordinary activities

	2018 £	2017 £
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 19%.

The differences are explained below.

	2018 £	2017 £
Loss on ordinary activities before tax	(4,524)	(4,520)
Tax at effective rate of 19% (2017: 20%)	(860)	(904)
Adjusted for:		
Losses carried forward	860	904
Total tax charge for the year	-	-

As at 31 March 2018 the Company had total unrecognised tax losses of £5,004 (2017: £4,144).

## Notes to the financial statements continued

### 5. Debtors

	2018	2017
	£	£
Other debtors	1	1
Amounts due from related parties	898,937	195,192
<b>Total</b>	<b>898,938</b>	<b>195,193</b>

### 6. Creditors

	2018	2017
	£	£
Accruals	4,524	4,414
Other creditors	898,937	-
Amounts due to related parties	20,720	211,498
<b>Total</b>	<b>924,181</b>	<b>215,912</b>

### 7. Share capital

Allocated and called up	2018	2017
	£	£
1 ordinary share of £1 each	1	1

The total amount of authorised share capital is £1 (2017: £1)

### 8. Directors remuneration and staff costs

The Company had no employees in either the current or prior year and therefore there are no staff costs in either the current or prior year.

Director fees for the year totalled £nil (2017: £nil).

## **Notes to the financial statements continued**

### **9. Related parties**

The Company is General Partner to the Fund, which is General Partner to UK Waste Resources and Energy Investments LP ("the Partnership"). On 18 August 2017 ownership of the company transferred from Foresight Group LLP to Bioenergy Infrastructure Limited. Up until the change in ownership the company was entitled to receive a general partner's share from the Fund for managing the Partnership. The general partner's share charge for period to 18 August 2017 was £437,268 (2017: £1,233,657). At 31 March 2017 the amount due from the Fund was £nil (2017: £195,192).

The company has appointed Foresight Group LLP ("the Manager") to manage and operate the Partnership. During the period to 18 August 2017, the Manager earned fees of £437,268 (2017: £1,233,657). At 31 March 2018 the amount due to the Manager in relation to fees was £nil (2017: £195,192).

During the year the Manager paid expenses on behalf of the company totalling £4,414 (2017: £4,306). At 31 March 2018 the amount due to the Manager in relation to expenses was £20,720 (2017: £16,306).

As at 31 March 2018 the Partnership was holding £898,937 of cash owed to the Company (see Note 5) in relation to bond proceeds to the benefit of a number of the Partnership's investments (see Note 6).

### **10. Ultimate parent undertaking**

The ultimate parent undertaking is Bioenergy Infrastructure Limited.

### **11. Subsequent Events**

There were no subsequent events requiring disclosure in these financial statements.

**UK WASTE RESOURCES AND ENERGY INVESTMENTS LP**

**Report and audited Financial Statements**

**For the year ended 31 March 2018**

**Partnership 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 (retired 18 August 2017)	("GIB")
UK Waste Resources and Energy Investments General Partner LP	("GP")
UK Waste Resources and Energy Investments Founder Partner LP (retired 18 August 2017)	("FP")
UKWREI (LP) Limited (admitted 18 August 2017)	("LP")

## **Report of the General Partner**

**For the year ended 31 March 2018**

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 2018.

### **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. The fourth amended limited partnership agreement dated 18 August 2017 saw no change to the commitment 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 £75.8 million committed to these eight projects £75.8 million had been invested at year end.

East London Biogas, Par Biogas, Evermore, Bridge Energy and Willen Biogas were operational in the prior year. Birmingham Bio Power and Mersey Bioenergy reached operations in 2017 and Levensat reached commissioning stage in March 2018. The Fund successfully sold its stake in Bridge Energy in August 2017.

In August 2017 a 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 ("BIL"). BIL's interests in the fund are via UKWREI (LP) Limited.

### **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 2018 are set out in the financial statements on pages 8 to 22. Distributions of £2.2 million (2017: £0.5 million) 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

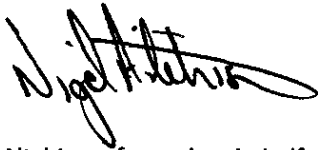
## Report of the General Partner (continued)

### Independent Auditor

Pursuant to section 457 of the Companies Act 2006, the auditor has been deemed reappointed and KPMG LLP will continue in office.

### 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 'Nigel Aitchison', with a stylized flourish at the end.

Nigel Aitchison, for and on behalf of UK Waste Resources and Energy Investments General Partner LP  
27 June 2018

## **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 2018**

The general partner is responsible for preparing the General Partners' 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 IFRSs as adopted by the EU and applicable law.

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 period. In preparing these financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The general partner is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

## **Independent Auditor's Report to the members of UK Waste Resources and Energy Investments LP**

### **Opinion**

We have audited the financial statements of UK Waste Resources and Energy Investments LP ("the fund") for the year ended 31 March 2018 which comprise the Statement of comprehensive income, statement of financial position, Statement of changes in net assets attributable to Partners, Net Assets attributable to Partners, statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the fund's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Limited Partnership Agreement dated xx (as amended from time to time).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 24 May 2018. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **General partners' report**

The general partner is responsible for the general partners' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the general partners' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in that report;
- in our opinion the information given in the general partners' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to qualifying partnerships we are required 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

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

- the general partner were not entitled to take advantage of the small companies exemption, as applied to qualifying partnerships, from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### General Partners' responsibilities

As explained more fully in their statement set out on page [X], the General Partner is responsible for: the preparation of the financial statements in accordance with the Limited Partnership Agreement dated XX (as amended from time to time), which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error; assessing the fund'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 they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory accounts.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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 whose 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.



Henry Todd (Senior Statutory Auditor)

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

27 June 2018

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## Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
Revenue	7	8,631,763	9,476,071
Administrative expenses	8	(24,284)	(26,508)
<b>Profit for the year before priority profit share</b>		<b>8,607,479</b>	<b>9,449,563</b>
Priority profit share	11	(437,268)	(1,233,657)
<b>Profit after priority profit share</b>		<b>8,170,211</b>	<b>8,215,906</b>
Investment holding fair value (losses)/gains	3	(25,166,441)	1,482,886
Realised gains on investments	3	104,662	-
<b>(Loss)/Profit for the year</b>		<b>(16,891,568)</b>	<b>9,698,792</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit for the year</b>		<b>(16,891,568)</b>	<b>9,698,792</b>

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 13 to 22 form part of these financial statements.

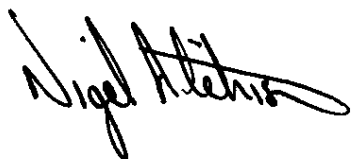
**Statement of Financial Position**

As at 31 March 2018

Partnership number: LP014971

	Note	31 March 2018 £	31 March 2017 £
<b>Assets</b>			
Investments	3	77,529,736	97,164,393
<b>Non-current assets</b>		<b>77,529,736</b>	<b>97,164,393</b>
Trade and other receivables	4	4,206,208	2,241,299
Cash and cash equivalents		904,644	3,718
<b>Current assets</b>		<b>5,110,852</b>	<b>2,245,017</b>
<b>Total assets</b>		<b>82,640,588</b>	<b>99,409,410</b>
<b>Liabilities</b>			
Trade and other payables	5	(927,391)	(221,592)
<b>Current liabilities</b>		<b>(927,391)</b>	<b>(221,592)</b>
<b>Net assets</b>		<b>81,713,197</b>	<b>99,187,818</b>
<b>Net assets attributable to Partners</b>			
Partners' loan account	6	76,796,852	77,379,905
Profit and loss account	6	4,916,345	21,807,913
<b>Partners' capital account</b>		<b>81,713,197</b>	<b>99,187,818</b>

The financial statements on pages 8 to 22 were approved and authorised for issue by the General Partner on 27 June 2018 and were signed on its behalf by:



Nigel Aitchison, for and on behalf of UK Waste Resources and Energy Investments General Partner LP

The notes on pages 13 to 22 form part of these financial statements.



**Statement of Changes in Net Assets attributable to Partners**  
**For the year ended 31 March 2018**

<b>Year ended 31 March 2018</b>	<b>£</b>
Balance at 1 April 2017	99,187,818
Total comprehensive loss for the year	(16,891,568)
Total contributions by partners	1,641,593
Distributions to partners	(2,224,646)
<b>Balance at 31 March 2018</b>	<b>81,713,197</b>

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

The notes on pages 13 to 22 form part of these financial statements.

**Net Assets attributable to Partners**

As at 31 March 2018

	FP £	GP £	GIB £	LP £	Total £
<b>Partners' Capital account</b>					
At 1 April 2017	20	766,157	76,613,728	-	<b>77,379,905</b>
Capital contributions	-	16,253	895,637	729,703	<b>1,641,593</b>
Distributions	-	(22,026)	(170,451)	(2,032,169)	<b>(2,224,646)</b>
Transfers*	(20)	-	(77,338,914)	77,338,934	-
At 31 March 2018	-	<u>760,384</u>	<u>-</u>	<u>76,036,468</u>	<u><b>76,796,852</b></u>
<b>Profit and loss account</b>					
At 1 April 2017	-	215,920	21,591,993	-	<b>21,807,913</b>
Net (loss) for the year	-	(167,244)	(473,572)	(16,250,752)	<b>(16,891,568)</b>
Transfers*	-	-	(21,118,421)	21,118,421	-
At 31 March 2018	-	<u>48,676</u>	<u>-</u>	<u>4,867,669</u>	<u><b>4,916,345</b></u>
<b>Net assets attributable to partners</b>	-	<b>809,060</b>	-	<b>80,904,137</b>	<b>81,713,197</b>

\*In August 2017 a 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 ("BIL"). The interests of FP and BIL were transferred to UKWREI (LP) Limited.

The notes on pages 13 to 22 form part of these financial statements.

**Statement of Cash Flows**  
For the year ended 31 March 2018

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
<b>Cash flows from operating activities</b>		
(Loss)/Profit for the year	(16,891,568)	9,698,792
Investment holding fair value losses/(gains)	25,166,441	(1,482,886)
Realised gains on investments	(104,662)	-
Increase in trade and other receivables	(8,339,691)	(9,091,811)
Increase in trade and other payables	705,799	59,098
<b>Net cash generated from/(used in) operating activities</b>	<b>536,319</b>	<b>(816,807)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investments	(987,000)	(1,596,279)
Proceeds on disposal of investments	1,934,660	-
<b>Net cash generated from/(used in) investing activities</b>	<b>947,660</b>	<b>(1,596,279)</b>
<b>Cash flows from financing activities</b>		
Cash distributed to partners	(2,224,646)	-
Cash introduced by partners	1,641,593	2,183,096
<b>Net cash from financing activities</b>	<b>(583,053)</b>	<b>2,183,096</b>
	<b>900,926</b>	<b>(229,990)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at 1 April	3,718	233,708
Increase/(decrease) in cash and cash equivalents	900,926	(229,990)
<b>Cash and cash equivalents at 31 March</b>	<b>904,644</b>	<b>3,718</b>

The notes on pages 13 to 22 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 committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (b) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the fund satisfies the majority of secondary characteristics of an investment entity per paragraph 28 of IFRS 10.

#### (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 and on some investments, is capitalised quarterly into the investment cost.

##### *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. Cash and cash equivalents are accounted for at amortised cost.

#### (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 previous 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 paid a management fee to the GP for managing the Fund called the priority profit share ("the PPS") up until the date of admission of the LP. 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 2018

	Registered address	Security type	Fund ownership (Fully diluted) %	Initial investment date	Total committed £	Current cost* £	Fair value £
East London Biogas Limited	32 London Bridge St, London, SE1 9SG	Shares	2	August 2012	600,000	600,000	-
ERE LPS Holdings Limited	18 Lisahally Road, Derry, BT47 6FL	Loan notes	49	October 2012	1,400,000	1,400,000	-
Birmingham Bio Power Limited	Blythe House, Cresswell, ST11 9RD	Shares	25	July 2013	4,300,000	4,300,000	-
Willen Biogas Limited	Cattlegate Farm, Enfield, EN2 8AU	Loan notes	26	October 2013	13,490,909	16,007,257	15,914,660
Par Biogas Limited	42 Gortnaskea Rd, Tyrone, BT71 5NY	Shares	26	January 2014	1,775,006	1,775,006	491,713
Bridge Energy (NI) Limited**	31 Reservoir Rd, Banbridge, BT32 4LD	Loan notes	26	June 2014	4,369,225	6,496,800	6,496,800
Mersey Bioenergy Holdings Limited	3-5 Charlotte St, Manchester, M1 4HB	Shares	50	April 2014	744,961	744,961	-
Levenseat Renewable Energy Limited	Wilsonstown, Forth, ML11 9EP	Loan notes	35	April 2014	7,204,646	8,966,705	6,295,554
				June 2014	3	3	120,739
				November 2014	1,437,199	1,429,608	1,429,608
				November 2014	1,652,007	-	-
				March 2015	249,500	249,500	-
				March 2015	9,850,500	14,685,370	9,694,473
				March 2015	2,826,061	2,826,061	1,838,651
				March 2015	25,908,400	35,247,537	35,247,538
					<u>75,808,420</u>	<u>94,728,808</u>	<u>77,529,736</u>

\* Current cost includes capitalised interest totalling £20,572,398

\*\* Investment sold on 18 August 2017

	At 1 April 2017 £	Additions £	Capitalised interest £	Investment losses £	Realised gains £	Disposals £	At 31 March 2018 £
Cost	89,197,024	987,000	6,374,782	-	104,662	(1,934,660)	94,728,808
Value	97,164,393	987,000	6,374,782	(25,166,441)	104,662	(1,934,660)	77,529,736

## Notes to the Financial Statements (continued)

## 3. Investments (continued)

	At 1 April 2016 £	Additions £	Capitalised interest £	Investment gains £	Realised gains £	Disposals £	At 31 March 2017 £
Cost	80,626,359	1,596,279	6,974,386	-	-	-	89,197,024
Value	87,110,842	1,596,279	6,974,386	1,482,886	-	-	97,164,393

	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
				75,071,415	89,197,024	97,164,393

\*Current cost includes capitalised interest totalling £14,375,609



## Notes to the Financial Statements (continued)

### 4. Trade and other receivables

	2018 £	2017 £
Loan interest receivable (Note 13)	4,205,790	2,240,881
Other debtors	418	418
	<u>4,206,208</u>	<u>2,241,299</u>

### 5. Trade and other payables

	2018 £	2017 £
Priority profit share payable	-	195,192
Amount due to the General Partner	898,937	-
Accruals	28,454	26,400
	<u>927,391</u>	<u>221,592</u>

Amounts due to the general partner are unsecured, interest free and repayable on demand.

### 6. Partners' capital accounts

	Partners' capital £	Retained profit/(loss) £	Total £
At 1 April 2017	77,379,905	21,807,913	99,187,818
Partners' loans received in the year	1,641,593	-	1,641,593
Distributions	(2,224,646)	-	(2,224,646)
Loss for the year	-	(16,891,568)	(16,891,568)
<b>At 31 March 2018</b>	<u><b>76,796,852</b></u>	<u><b>4,916,345</b></u>	<u><b>81,713,197</b></u>
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
<b>At 31 March 2017</b>	<u><b>77,379,905</b></u>	<u><b>21,807,913</b></u>	<u><b>99,187,818</b></u>

### 7. Revenue

	2018 £	2017 £
Loan note interest accrued	8,629,676	9,465,910
Other income	2,087	10,161
	<u><b>8,631,763</b></u>	<u><b>9,476,071</b></u>

## Notes to the Financial Statements (continued)

## 8. Administrative expenses

	2018 £	2017 £
Audit fee for the year	18,911	18,450
Taxation fee for the year	800	800
Other expenses	4,573	7,258
	<u>24,284</u>	<u>26,508</u>

There were no non-audit fees paid to the auditor

## 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 2018:

	2018 £	2017 £
Investment portfolio	77,529,736	97,164,393
Cash	904,644	3,718
Debtors	4,206,208	2,241,299
Creditors	(927,391)	(221,592)

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 2018 and 31 March 2017, 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 2018 was £77,529,736 (31 March 2017: £97,164,393).

## 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 £11.6 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 2018 was £75,983,276 (31 March 2017: £77,725,611).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	2018 £	2017 £	2018 %	2017 %	2018 Days	2017 Days
Investment in loan notes exposed to fixed interest rate risk	75,078,632	77,721,893	11.8%	11.7%	4,552	4,835
Cash and cash equivalents	904,644	3,718	-	-	-	-
	<b>75,983,276</b>	<b>77,725,611</b>				

#### (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 £13.1m. A 10% reduction in the discount rates used would result in an increase in the investment valuations of £13.9m. 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:

	2018 £	2017 £
Investment in loan notes	75,078,632	77,721,893
Interest receivable	4,205,790	2,240,881
Cash and cash equivalents	904,644	3,718
	<u>80,189,066</u>	<u>79,966,492</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:

	2018 £	2017 £
Unquoted investments	77,529,736	97,164,393
	<u>77,529,736</u>	<u>97,164,393</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 2018			Total £
	Level 1 £	Level 2 £	Level 3 £	
Unquoted investments	-	-	77,529,736	77,529,736
	-	-	77,529,736	77,529,736

	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

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 was entitled to receive a Priority Profit Share equal to 2% of the acquisition cost of the Original Investments as defined in the LPA and in relation to the Additional Investment amounts, which relate to the ERE LPS, Mersey Bioenergy and Levensat investments, the GP was entitled to receive a Priority Profit Share equal to 1.25% of the project committed amount of £34,421,414 up until the admission of the LP on 18 August 2017, at which point the GP was no longer entitled to receive a Priority Profit Share. The Priority Profit Share charge for the period to 18 August 2017 was £437,268 (year to 31 March 2017: £1,233,657). At 31 March 2018 the amount due to the GP was £nil (2017: £195,192).

At the year end the Fund held £898,937 (2017: £nil) of cash owed to the GP. This was in relation to bond proceeds in the name of the GP. The GP in turn owed this cash to the ultimate beneficiaries of the bond.

### 12 Subsequent events

There were no subsequent events requiring disclosure in these financial statements.