Annual report and audited financial statements

GRP II HOLDINGS (UK) Limited

Company number: 10715693

For the financial year ended 31 December 2019

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COMPANY INFORMATION

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Peter Raftery (British)
Stephane Tetot (French)

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DIRECTORS' REPORT

The Directors present their first report and the audited financial statements of GRP II HOLDINGS (UK) Limited (the "Company") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company, a UK registered company, was incorporated on 7 April 2017. The Company was established to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in the UK.

UNITED KINGDOM EXIT FROM EUROPEAN UNION

On 31 January 2020 the United Kingdom (the "UK") formally withdrew and ceased being a member of the European Union (the "EU"). The UK and the EU have now entered into a transition period until 31 December 2020 (the "Transition Period"). During the Transition Period, the UK will be subject to applicable EU laws and regulations.

The negotiation and implementation of the political, economic and legal framework may extend beyond the Transition Period, and lead to continued uncertainty and periods of volatility in both the UK and wider European markets throughout the Transition Period and beyond. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Company.

Volatility resulting from this uncertainty may mean that the returns of the Company's investments are adversely affected by market movements, potential decline in the value of Sterling and/or Euro, and any downgrading of UK sovereign credit rating. This may also make it more difficult, or more expensive, for the Company to execute prudent currency hedging policies.

OUTBREAK OF CORONAVIRUS

A recent outbreak of a respiratory disease caused by novel coronavirus was first detected in China in December 2019 and has now been detected internationally. This coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may be short term or may last for an extended period of time.

RESULTS AND DIVIDENDS

The results for the financial year are shown on page 8. The Directors do not recommend the payment of a dividend (2018: nil).

CHANGES IN DIRECTORS AND REGISTERED OFFICE

There were no other changes in Directors or Registered Office during the financial year.

DIRECTORS' INTERESTS IN SHARES

The names of the individuals who are the Directors to the Company at the date of this report are listed on page 2. The Directors had no beneficial interest in the share capital of the Company at the date of appointment, at any point during the year or at the end of the financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company relate to the investments held by it and are set out in Note 11 to the financial statements.

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR
There were no significant changes in the state of affairs during the financial year.

SUBSEQUENT EVENTS
The subsequent events which have occurred since the Statement of Financial Position date are set out in Note 14 to the financial statements.

FUTURE DEVELOPMENTS IN THE BUSINESS
The Directors expect the current level of activities to continue for the foreseeable future.

TRANSACTIONS WITH DIRECTORS
There were no fees paid in respect of compensation to the Directors for their services to the Company.

POLITICAL AND CHARITABLE DONATIONS
The Company did not make any political or charitable donations during the financial year ended 31 December 2019 and 2018.

EMPLOYEES
The Company has no direct employees. Services are provided by the Manager and the Administrator. Due to the nature of the services provided it is not possible to separately ascertain specific employee numbers.

ADEQUATE ACCOUNTING RECORDS
The Directors believe that they have complied with the requirements of Section 386 of the Companies Act, 2006 with regard to the adequate accounting records by engaging the Administrator who employ accounting personnel with the appropriate expertise and by providing adequate resources to the finance function.

The accounting records of the Company are maintained at the Administrator's office at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

INDEPENDENT AUDITORS
Deloitte Ireland LLP, have signified their willingness to continue in office in accordance with Section 485 of the Companies Act, 2006.

On behalf of the Board of Directors

Peter Raftery
Director
Date: 7 April 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with Section 394 of the Companies Act, 2006 and other applicable regulations.

UK company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). The financial statements are required, per Section 396 of the Companies Act, 2006, to 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 year.

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;
- State that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

Per Section 386 of the Companies Act, 2006, 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 to 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.

Each of the Directors, whose name and functions are listed in the Company Information section of the Directors' Report and financial statements, confirms that to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU and in accordance with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Directors' report includes a fair review of the development and performance of the business and the position of the Company and a description of the principal risks and uncertainties that they face;
- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have each taken all the steps that ought to have been taken by them as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRP II HOLDINGS (UK) LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of GRP II Holdings (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRP II HOLDINGS (UK) LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and the Directors' Responsibilities Statement, 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 respect of these matters.

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.

As part of an audit in accordance with ISAs (UK), the auditor exercises professional judgment and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the entity's (or where relevant, the consolidated) financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's (or where relevant, the group's) internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRP II HOLDINGS (UK) LIMITED

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concludes on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).1
- Where the auditor is required to report on consolidated financial statements, obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on other legal and regulatory requirements

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 year 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.

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 any material misstatements in the Directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRP II HOLDINGS (UK) LIMITED

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.

Darren Griffin
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

8 April 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 £'000	2018 £'000
Income			
Net unrealised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	10	6,717	(806)
Net unrealised (loss)/gain on foreign exchange		(162)	162
Total income		6,555	(644)
Expenses			
Interest expense	12	(1,030)	(1,222)
Other expenses	5	(36)	(76)
Total expenses		(1,066)	(1,298)
Net increase/(decrease) in shareholders' equity resulting from operating activities		5,489	(1,942)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2019 £'000	31 December 2018 £'000
Assets			
Financial assets at fair value through profit or loss	10,12	32,301	25,584
Liabilities			
Financial liabilities at fair value through profit or loss	10,12	(19,367)	(19,402)
Interest payable	12	(2,811)	(1,781)
Due to Fund	12	(123)	(21)
Other accrued expenses and liabilities	6	(44)	(116)
Total liabilities		(22,345)	(21,320)
Net Assets		9,956	4,264
Equity attributable to equity shareholders			
Share capital	9	6,623	6,420
Retained earnings		3,333	(2,156)
Total equity		9,956	4,264

On behalf of the Board of Directors

Peter Raftery
Director
Date: 7 April 2020

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Note	2019 £'000	2018 £'000
Share Capital			
Opening balance		6,420	6,420
Share capital issued		203	-
Closing balance	9	6,623	6,420
Retained earnings			
Opening balance		(2,156)	(214)
Net increase/(decrease) in shareholder's equity resulting from operating activities		5,489	(1,942)
Closing balance		3,333	(2,156)
Total shareholder's equity at the end of the financial year		9,956	4,264

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Net increase/(decrease) in shareholders' equity resulting from operating activities		5,489	(1,942)
Adjustment for:			
- Net unrealised (gain)/loss on financial assets and financial liabilities at fair value through profit or loss		(6,717)	806
- Interest expense		1,030	1,222
Increase in due to Fund		102	21
(Decrease)/increase in other accrued expenses and liabilities		(72)	59
Net cash (used in)/provided by operating activities		(168)	166
Cash flows used in investing activities			
Acquisition of financial assets at fair value through profit or loss		-	(176)
Net cash used in investing activities		-	(176)
Cash flows provided by financing activities			
Repayment of debt		(35)	-
Proceeds from the issue of shares		203	-
Net cash provided by financing activities		168	-
Net decrease in cash and cash equivalents		-	(10)
Cash and cash equivalents at beginning of the financial year		-	10
Cash and cash equivalents at end of the financial year		-	-

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

GRP II HOLDINGS (UK) Limited (the "Company"), a UK registered company, was incorporated on 7 April 2017, and commenced operations on 18 July 2017. Global Renewable Power II (Europe) Investco, L.P., a sub-fund of Global Renewable Power Fund II (A), L.P., Global Renewable Power Fund II (B), L.P., Global Renewable Power Fund II (C), L.P. and Global Renewable Power Fund II (D), L.P. (collectively the "Fund"), has an interest in Williamstown Renewable Finance II Designated Activity Company (the "Limited Company") through its investment in the profit participating notes issued by the Limited Company. The Limited Company in turn holds debt in and has subscribed to the equity of the Company. The Company holds 90% of the issued share capital of Lightsource Pumpkin 1 Limited (the "Investment Entity"), a United Kingdom holding limited company.

The ultimate parent undertaking and controlling party of the Company is considered to be the Fund. The immediate parent company of the Company is the Limited Company.

The principal accounting policies and notes are set out below, all of which applied for the financial year ended 31 December 2019. Comparative information is presented for the financial year ended 31 December 2018.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union ("EU") and as applied in accordance with the provisions of the Companies Act 2006 (as amended).

(b) Basis of measurement

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Directors are satisfied that they operate in such a way to ensure the Company will continue to be a going concern.

(c) Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

(i) Assumptions and estimation uncertainties

Measurement of fair values
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

(c) Use of estimates, judgements and assumptions (continued)

(i) Assumptions and estimation uncertainties (continued)

Measurement of fair values (continued)
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 revision affects both current and future periods.

(ii) Judgements

Involvement with investment entities
IFRS 10 "Consolidated Financial Statements" requires investment entities to fair value relevant subsidiaries including structured entities through profit or loss rather than consolidate their results.

The Board of Directors have concluded that the Fund, the Limited Company and the Company, which are related parties, satisfy the criteria to be regarded as investment entities.

IFRS 10 requires that companies formed in connection with each other for legal, regulatory, tax or similar requirements can be considered together to determine whether they display the characteristics of an investment entity. The reason and purpose of the multi layered structure is usually to accomplish one or more of the following:
1) Regulatory reasons to invest in certain jurisdictions,
2) Risk mitigation reasons and/or
3) Investment return enhancement.

The Fund, the Limited Company and the Company were formed in connection with each other for legal, regulatory, tax or similar requirements. When considered together they display the following typical characteristics of an investment entity:
1) The Fund and the Limited Company indirectly hold a portfolio of investments through the Company.
2) Although the Limited Company, and as a result, indirectly the Company, are wholly capitalised by the Fund through the purchase of the profit participating note, the Fund itself is funded by many investors who are unrelated to the Fund. The Fund does not own the equity of the Limited Company nor the Company.
3) Ownership in the Fund is represented by equity interest.

The Directors are of the opinion that the Fund, the Limited Company and the Company each meet the definition of an investment entity. The following conditions exist:
1) The Fund and the Limited Company have obtained funds for the purpose of providing investors with investment management services or to provide a return on their investment.
2) The investments held by the Company are measured and evaluated on a fair value basis and information about those investments are provided to investors on a fair value basis through the Limited Company and/or the Fund.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

(d) Transactions in foreign currencies

These financial statements are presented in Sterling Pounds ("£"). However, the Company's functional currency is US dollars ("US$") which is the functional currency of its immediate and ultimate parent. Functional currency is the currency of the primary economic environment in which the Fund operate since the ultimate investors are reporting in US Dollars.

Transactions in foreign currencies are translated into the functional currency of the Company at the foreign currency exchange rate in effect at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction, or if measured at fair value, when the fair value was determined. Profit and losses arising from foreign currency translation and on settlement of amounts receivable and payable in other currencies are dealt with in the Statement of Comprehensive Income.

Assets and liabilities in the Statement of Financial Position presented are translated into the presentational currency at the exchange rate prevailing at the Statement of Financial Position date. Income and expenses in the Statement of Comprehensive Income are translated from the functional currency into the presentational currency using the average exchange rates during the financial year.

3. Significant accounting policies

(a) Financial instruments

Classification
A financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

Investments in debt instruments and equity instruments are managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity instruments as fair value through other comprehensive income. The contractual cash flows of the Company's debt instruments are not solely payments of principal and interest. Consequently, all investments in debt instruments and equity instruments are classified as being measured at fair value through profit or loss.

All other financial assets and liabilities including cash, cash equivalents, receivables and payables are classified as being measured at amortised cost using the effective interest method.

Recognition/derecognition
The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases and sales of investments are recognised on the day the trade takes place.

Realised gains and losses on disposals of financial instruments are calculated using the First-In-First-Out cost method.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the risks and rewards of ownership have all been substantially transferred. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

Initial measurement of financial instruments
Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities are presented in the Statement of Comprehensive Income in the financial year in which they arise.

(b) Cash and cash equivalents

Cash and cash equivalents may include cash in hand, demand deposits, time deposits and other short-term highly liquid investments with original maturities of three months or less.

(c) Taxation

Corporation tax
Current tax, including UK corporation tax and foreign tax, is provided on the Company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the financial year end date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the end of the financial period. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(d) Interest income and interest expense

Interest income and interest expense are accrued on an effective interest basis and are recognised in the Statement of Comprehensive Income as interest income and interest expense respectively.

(e) Expenses

Expenses are accounted for on an accruals basis with the exception of transaction costs relating to the acquisition of financial assets at fair value through profit or loss which are charged as incurred.

(f) Financial liabilities at fair value through profit or loss

Loans payable issued by the Company are designated as financial liabilities at fair value through profit or loss. Loans payable are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They principally comprise loans from the Limited Company which finance the Company's investments. The loans matures on 31 December 2044 and accrues quarterly interest at a rate of 6.3%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. New standards, amendments and interpretations

IFRS 16, "Leases", issued in January 2016 and effective for annual financial years beginning on or after 1 January 2019 replaces existing IAS 17, specifies how to recognise, measure, present and disclose leases. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. However, the lessors accounting requirements substantially remains the same as in IAS 17. The new standard has no significant impact on the financial position, performance or disclosures in the Company's financial statements.

IFRIC Interpretation 23, "Uncertainty over income tax treatment". The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The new standard has no significant impact on the financial position, performance or disclosures in the Company's financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2019 and not early adopted:

IFRS 17 "Insurance Contracts" was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts.

An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The new standard is not expected to have a significant impact on the financial position, performance or disclosures in its financial statements.

There are no other standards, amendments of interpretations that are effective for the financial year beginning 1 January 2019 that have a material effect on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Other expenses

	2019 £'000	2018 £'000
Administration fees	(21)	(20)
Independent auditors' remuneration	(14)	(44)
Investment valuation fees	(1)	(10)
Transaction costs	-	(1)
Other expenses	-	(1)
Total	(36)	(76)

Administration fees
Under the Administration Agreement, International Fund Services (Ireland) Limited in its role as the administrator is entitled to receive an annual fee of $27,500 for accounting and administration services provided to the Company. For the financial year ended 31 December 2019, £21,431 (2018: £19,946) was incurred as administration fees and £9,465 (31 December 2018: £13,885) remains payable as at 31 December 2019.

Independent auditor's remuneration
Deloitte Ireland LLP ("Deloitte") provides audit services to the Company and is entitled to receive an annual fee of £40,625. No other non-audit services were being provided by Deloitte. During the year ended 31 December 2018 an overaccrual of £16,685 was charged in the prior period, decreasing the amount recognised in the Statement of Comprehensive income for the period to £13,981 (for the financial year ended 31 December 2018: £43,711). As of 31 December 2019, £30,666 remains payable (31 December 2018: £89,516).

There were no fees in relation to non-audit assurance, tax or other services paid to Deloitte during the financial years ended 31 December 2019 and 31 December 2018.

6. Other accrued expenses and liabilities

	31 December 2019 £'000	31 December 2018 £'000
Administration fees payable	(9)	(14)
Independent auditors' remuneration payable	(31)	(86)
Investment valuation fees payable	(4)	(15)
Other expense payable	-	(1)
Total	(44)	(116)

7. Taxation

	2019 £'000	2018 £'000
Current tax		
Current financial year tax charges	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Taxation (continued)

The reconciliation of tax on the operating loss before tax, at the UK standard corporation rate, to the Company's actual tax charge for the financial years ended 31 December 2019 and 31 December 2018, can be seen in the table below.

	2019 £'000	2018 £'000
Operating profit/(loss) before tax for the financial year	5,489	(1,942)
Current tax at 19%	1,043	(369)
Effects of:		
Non-taxable income	(1,246)	122
Deferred tax not recognised	7	247
Permanent difference	196	-
Tax for the financial year	-	-

8. Investment entities

The following tables show details of the Investment Entity that the Company does not consolidate but in which it holds an interest. The Investment Entity is included as part of financial assets at fair value through profit or loss on the Statement of Financial Position as at 31 December 2019.

Names	Principal Activity	Place of Business	Business Country of Incorporation	Equity Ownership % Held 2019	2018
Lightsource Pumpkin 1 Limited	Holding Company	United Kingdom	United Kingdom	90%	90%
Lightsource Pumpkin 2 Limited	Holding Company	United Kingdom	United Kingdom	90%	90%
Lightsource Pumpkin 3 Limited	Holding Company	United Kingdom	United Kingdom	90%	90%
Lightsource Pumpkin 4 Limited	Holding Company	United Kingdom	United Kingdom	90%	90%

9. Share capital

	31 December 2019 £'000	31 December 2018 £'000
Issuance of capital		
6,622,711 (2018: 6,420,251) ordinary share of £1 each	6,623	6,420

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments

The Company classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 - Quoted prices for identical instruments in active markets
A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 - Valuation techniques using observable inputs
This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

Level 3 - Valuation techniques using significant unobservable inputs
This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

The Company uses proprietary discounted cash flow valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used and determination of expected future cash flows on the financial instrument being valued. Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

There are a number of key assumptions that have a significant impact on the carrying value of the investments held by the Company with regard to discounting future cash flows. These are the interest rate, discount rate, inflation rate, the price at which the power and associated benefits can be sold (power prices), the amount of electricity the assets are expected to produce and project operating costs (resource and useful life). Changes in these estimates or assumptions can result in significant variations in the carrying value and amounts charged or credited to the Statement of Comprehensive Income in specific periods.

The following is a summary of the Company's financial assets and financial liabilities at fair value as at 31 December 2019 and 31 December 2018:

	Valuation inputs			
As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
- Equity instruments	-	-	32,301	32,301
Total financial assets at fair value through profit or loss	-	-	32,301	32,301
Financial liabilities at fair value through profit or loss				
- Debt instruments	-	-	(19,367)	(19,367)
Total financial liabilities at fair value through profit or loss	-	-	(19,367)	(19,367)

As at 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
- Equity instruments	-	-	25,584	25,584
Total financial assets at fair value through profit or loss	-	-	25,584	25,584
Financial liabilities at fair value through profit or loss				
- Debt instruments	-	-	(19,402)	(19,402)
Total financial liabilities at fair value through profit or loss	-	-	(19,402)	(19,402)

The Company held only Level 3 investments during the financial years ended 31 December 2019 and 31 December 2018. There were no transfers between levels during the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

The following table shows a reconciliation of all financial assets and financial liabilities at fair value through profit or loss categorised within Level 3 during the financial years ended 31 December 2019 and 31 December 2018:

	31 December 2019 £'000	31 December 2018 £'000
Financial assets at fair value through profit or loss		
Opening balance	25,584	26,214
Purchase of investments	-	176
Unrealised gain/(loss) on financial assets at fair value through profit or loss	6,717	(806)
Closing Balance	32,301	25,584
Financial liabilities at fair value through profit or loss		
Opening balance	(19,402)	(19,402)
Repayment of debt	35	-
Closing balance	(19,367)	(19,402)

The table also represents reconciliation of opening and closing balances of financial liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2019 and 31 December 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

As at 31 December 2019 Investment Type	Fair value (£'000)	Valuation technique(s)	Unobservable inputs	Stock range of unobservable inputs utilised	Sensitivity of fair value to changes in unobservable inputs*
Investments	32,301	Discounted Cash Flows	Inflation	+/-0.35% - 0.45%	35,277 - 29,491
			Resource	+/-1.00% - 5.85%	38,664 - 25,887
			Interest Rate	+/-0.21% - 0.24%	32,424 - 32,179
			Power Prices	+/-22.63%	44,124 - 20,241
			Discount Rate	+/-0.63% - 0.81%	35,031 - 29,913

As at 31 December 2018 Investment Type	Fair value (£'000)	Valuation technique(s)	Unobservable inputs	Stock range of unobservable inputs utilised	Sensitivity of fair value to changes in unobservable inputs*
Investments	25,584	Discounted Cash Flows	Inflation	+/-0.46%	25,756 - 22,599
			Resource	+/-5.85%	27,498 - 20,741
			Interest Rate	+/-0.22%	24,203 - 24,063
			Power Prices	+/-18.48%	28,576 - 19,653
			Discount Rate	+/-0.70%	25,484 - 22,949

* Ranges presented reflect the standalone impact for each input if a stress scenario were to arise and do not take into account any reduction in ranges for any natural correlations between inputs.

Further details of the significant unobservable inputs are outlined below:

Inflation:
The inflation rate is based upon independent published consumer and retail price indices forecasts based on the underlying region.

Resource:
The electricity produced and revenues generated by a wind or solar energy project depends heavily on natural resource conditions, which are variable and forecasted based on assumptions, models and historical data. If the wind or solar conditions are unfavourable or below estimates, then the electricity production may be substantially below the Company's expectations. External reports are used to estimate the expected electrical output from the assets taking into account various factors at each location and generation data from historical operations. The actual electrical output may differ from that estimated in such a report mainly due to the variability of actual production that is modelled in any one period. Assumptions around electrical output will only be changed if there is evidence to suggest there has been a material change in this expectation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Valuation of investments (continued)

Significant unobservable inputs used in measuring fair value (continued)

Interest Rate:
The interest rate is based upon market interest rates based on the underlying regions.

Power Prices:
The price at which the output from the generating assets is sold is based on two elements, the first typically being a fixed price under a power purchase agreement or a fixed income tariff for a specific term and the second being future pricing. The revenues generated by wind farms and solar plants that are not fixed under fixed priced tariffs depend on market prices of energy in competitive wholesale energy markets. There can be no assurance that market prices will be at levels that enable the projects to which the Company is exposed to operate profitably or as anticipated. Future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. The future power price assumptions will be reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection.

Discount Rate:
The discount rate reflects current market assessments of interest rates and the risks specific to the asset. The discount rate used reflects the Company's required rate of return for these investments and it is reasonable an alternative assumption may be used resulting in a different value. This rate is reviewed quarterly by the Company to ensure it is set at the appropriate level, taking into account any recent market transactions that were similar in nature when considering any changes to the rate used.

Useful Life:
Solar power plants may have shorter or longer life-spans than their expected life-span of 30 years. The appropriate useful life is assessed on an asset by asset basis, and where deemed to be longer is reflected in the terminal value assumptions included in the investment model. In the event that they do not operate for the period of time assumed by the Company in its investment model or require additional maintenance expenditure to do so, it could have a material adverse effect on performance. The Company only utilises technologies that have an appropriate operational track record. Regular maintenance ensures that all technology is in good working order and all panels are fit for purpose over their expected life spans.

All financial assets and liabilities not measured at fair value at the financial year end are classified as Level 2, with the exception of cash and cash equivalents which are measured as Level 1.

11. Financial risk management

The Company's investment activities expose it to the various types of risk which are associated with the investments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks.

The risk exposures of the Company are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of investments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in the face of market movements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. *Financial risk management (continued)*

(a) Market risk (continued)

(i) *Market risk arising from foreign currency risk*

Foreign currency risk exists where assets and liabilities are denominated in currencies other than the functional currency.

The Company's currency risk is managed in accordance with policies and procedures in place. The analysis and management of market risks are monitored and assessed at all stages in the investment selection process. The Company's overall currency positions and exposures are monitored on a regular basis by the Board of Directors.

For the financial year ended 31 December 2019 the total recognised foreign currency losses in the Statement of Comprehensive Income were £161,531 (gains for the financial year ended 31 December 2018: £162,478).

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies as at 31 December 2019 and 31 December 2018:

As at 31 December 2019	Monetary assets £'000	Monetary liabilities £'000	Net exposure £'000
USD	-	(167)	(167)

As at 31 December 2018	Monetary assets £'000	Monetary liabilities £'000	Net exposure £'000
USD	-	(137)	(137)

If the exchange rate at 31 December 2019 between the Company's presentational currency and all other currencies had weakened or strengthened by 5% with all other variables held constant, this would have increased/decreased net assets of the Company by approximately £8,400 (31 December 2018: £6,809).

(ii) *Market risk arising from interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Market risk arising from interest rate risk (continued)

The following tables detail the Company's exposure to interest rate risks as at 31 December 2019 and 31 December 2018:

As at 31 December 2019	Fixed £'000	Floating £'000	Non-interest bearing £'000	Total £'000
Assets				
Financial assets at fair value through profit or loss	-	-	32,301	32,301
Total assets	-	-	32,301	32,301
Liabilities				
Financial liabilities at fair value through profit or loss	(19,367)	-	-	(19,367)
Interest payable	-	-	(2,811)	(2,811)
Due to Fund	-	-	(123)	(123)
Other accrued expenses and liabilities	-	-	(44)	(44)
Total liabilities	(19,367)	-	(2,978)	(22,345)
Net exposure	(19,367)	-	29,323	9,956

As at 31 December 2018	Fixed £'000	Floating £'000	Non interest bearing £'000	Total £'000
Assets				
Financial assets at fair value through profit or loss	-	-	25,584	25,584
Total assets	-	-	25,584	25,584
Liabilities				
Financial liabilities at fair value through profit or loss	(19,402)	-	-	(19,402)
Interest payable	-	-	(1,781)	(1,781)
Due to Fund	-	-	(21)	(21)
Other accrued expenses and liabilities	-	-	(116)	(116)
Total liabilities	(19,402)	-	(1,918)	(21,320)
Net exposure	(19,402)	-	23,666	4,264

The Company has interest rate risk exposure on the valuation and cash flows of its interest bearing assets and liabilities. The investments held by the Company are in the form of equity. In addition, the investments may be indirectly effected by the impact of interest rate changes. All of the investments held by the Company are Level 3 securities and are priced using significant unobservable inputs and the impact on the valuation of movements in the interest rates (and its impact on discount rates) have been considered in the valuation model. A sensitivity analysis is considered not to be representative of the total effect on the Company's net assets attributable to equity shareholders of future movements in interest rates and therefore has not been presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Market risk arising from interest rate risk (continued)

The impact on net assets attributable to equity shareholders arising from increasing/decreasing the significant unobservable inputs used in the Company's valuation of financial assets not traded in active markets is presented on page 22.

(iii) Market risk arising from other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar investments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Company and market prices of its investments.

There are a number of key assumptions that have a significant impact on the carrying value of the investments with regard to discounting future cash flows. These are the interest rate, discount rate, inflation rate, the price at which the power and associated benefits can be sold (power prices), the amount of electricity the assets are expected to produce and project operating costs (resource and useful life). Changes in these estimates or assumptions can result in significant variations in the carrying value and amounts charged or credited to the Statement of Comprehensive Income in specific periods.

To manage other price risk, the Company performs extensive initial and ongoing due diligence on the companies purchased. The underlying companies that own, construct and/or operate the wind and solar projects are required to provide the Company with reports on a daily, monthly or quarterly basis and monitor the internal controls and operational infrastructure of the managers of these companies.

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the Company is minimised.

The Company's financial assets exposed to risk were indirectly concentrated in the following market types as at 31 December 2019 and 31 December 2018:

As at 31 December 2019 Industry Type	Place of Business	Financial assets held at fair value 2019 £'000	Financial assets held at fair value 2019 %
Power generation - Solar	United Kingdom	32,301	100%

As at 31 December 2018 Industry Type	Place of Business	Financial assets held at fair value 2018 £'000	Financial assets held at fair value 2018 %
Power generation - Solar	United Kingdom	25,584	100%

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) Market risk arising from other price risk (continued)

The Company's financial assets are Level 3 securities which are priced using significant unobservable inputs, therefore a sensitivity analysis is considered not to be representative of the total effect on the Company's net assets attributable to equity shareholders of future movements in market prices.

The impact on net assets attributable to equity shareholders arising from increasing/decreasing the significant unobservable inputs used in the Company's valuation of financial assets not traded in active markets is presented on page 22.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk to the Company arises from the financial liabilities at fair value through profit or loss to the Limited Company and the liquidity of the underlying investments it has made.

Given the uncertainty inherent in the valuation of assets of the Company that lack a readily ascertainable market value, the value of such assets as reflected in the Company's Statement of Financial Position may differ materially from the prices at which the Company would be able to liquidate such assets. The value of assets that lack a readily ascertainable market value may be subject to adjustment based on valuation information available to the Company at that time. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the Statement of Financial Position of the Company.

As at 31 December 2019 and 31 December 2018, the Company's financial liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date were as follows:

As at 31 December 2019	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	Over 1 year £'000	Total £'000
Financial liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(19,367)	(19,367)
Interest payable	-	-	(2,811)	-	(2,811)
Due to Fund	-	-	(123)	-	(123)
Other accrued expenses and liabilities	(44)	-	-	-	(44)
Total financial liabilities	(44)	-	(2,934)	(19,367)	(22,345)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(b) Liquidity risk (continued)

As at 31 December 2018	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	Over 1 year £'000	Total £'000
Financial liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(19,402)	(19,402)
Interest payable	-	-	(1,781)	-	(1,781)
Due to Fund	-	-	(21)	-	(21)
Other accrued expenses and liabilities	(116)	-	-	-	(116)
Total financial liabilities	(116)	-	(1,802)	(19,402)	(21,320)

The Company's liquidity risk is managed in accordance with policies and procedures in place. The analysis and management of liquidity risks are monitored and assessed at all stages in the investment selection process. The Company's overall liquidity risks are monitored on a regular basis by the Board of Directors.

(c) Counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to counterparty credit risk on parties with whom it trades and bears the risk of settlement default.

The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Statement of Financial Position.

The carrying amount of financial assets best represents the maximum credit risk exposure at the statement of financial position date. At financial year end, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2019 £'000	31 December 2018 £'000
Assets		
Financial assets at fair value through profit or loss	32,301	25,584
Total assets	32,301	25,584

None of these financial assets are impaired nor past due but not impaired.

To mitigate the Company's counterparty credit risk with respect to State Street Custodial Services (Ireland) Limited (the "Bank"), the Board of Directors employ specific procedures to ensure that the Bank employed is a reputable institution and that the associated counterparty credit risk is acceptable to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial risk management (continued)

(c) Counterparty credit risk (continued)

The Company only transacts with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The Banks parent company, State Street Bank & Trust Company, has a Moody's long term credit rating of Aa1 (2018: Aa1). All cash balances are held with the Bank.

12. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party in making financial or operational decisions. All related party transactions were carried out at arm's length in the ordinary course of business. The related parties have been outlined in Note 1.

The Directors are not entitled to receive Directors' fees from the Company.

No amounts have been written off in the financial year in respect of amounts due to or from related parties. No provisions have been recognised by the Company against amounts due from related parties at the financial year end date.

The following tables detail the Company's related party transactions during the financial years ended 31 December 2019 and 31 December 2018.

31 December 2019	Fund £'000	Limited Company £'000	Investment Entity £'000
Statement of Comprehensive Income			
Interest expense	-	(1,030)	-
Statement of Financial Position			
Financial assets at fair value through profit or loss	-	-	32,301
Financial liabilities at fair value through profit or loss	-	(19,367)	-
Interest payable	-	(2,811)	-
Due to Fund	(123)	-	-

31 December 2018	Fund £'000	Limited Company £'000	Investment Entity £'000
Statement of Comprehensive Income			
Interest expense	-	(1,222)	-
Statement of Financial Position			
Financial assets at fair value through profit or loss	-	-	25,584
Financial liabilities at fair value through profit or loss	-	(19,402)	-
Interest payable	-	(1,781)	-
Due to Fund	(21)	-	

There were no loans, quasi loans, credit transactions or remuneration between the Company and its key management personnel or Directors for the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Exchange rates

The following exchange rates were used to translate assets and liabilities into £ as at 31 December 2019 and 31 December 2018.

Currency	31 December 2019	31 December 2018
USD	1.3248	1.2736
EUR	1.1802	1.1141

14. Subsequent events

There were no other significant events affecting the Company since the financial year end.

15. Approval of financial statements

The Board of Directors approved the financial statements on 7 April 2020.