Registered number: 10529272

EQUITIX MA 2 CAPITAL EUROBOND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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COMPANY INFORMATION

Directors	H B Crossley G A Jackson J C Smith
Registered number	10529272
Registered office	3rd Floor, South Building 200 Aldersgate Street London EC1A 4HD
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
Bankers	HSBC PLC PO Box 68, 130 New Street Birmingham B2 4JU

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and the audited financial statements of Equitix MA 2 Capital Eurobond Limited ("the Company") for the year ended 31 December 2019.

DIRECTORS

The Directors who served during the year except as noted, are shown on page 2.

RESULTS AND DIVIDENDS

The Company's performance reflects the position under the various inter-company and inter-group agreements that have been put in place during the year, and the ongoing performance and value of the investment portfolio. Please refer to the Strategic Report for further detail.

FINANCIAL RISK REVIEW

Interest rate risk
The Company's investments have various senior debt agreements to fund project construction and operations. These loans are non-recourse to Company and are typically raised with a floating interest rate and interest rate swap agreements are used to fix senior debt interest rates to obtain the desired interest profile and to manage the Company's exposure to interest rate fluctuations.

Market risks
The Company has adopted a policy of only dealing with creditworthy counterparties and PFI/PPP concession was entered into with government or semi-government authorities, thereby protecting income streams over the course of long term contracts. The characteristics of these long-term contracts mean that income and cost is typically fixed or capped throughout the life of the project and therefore the Company has very limited exposure to market risks.

Liquidity risk
The Company manages liquidity risk by maintaining reserve borrowing facilities by continuously monitoring forecast and actual cash flows stemming from the underlying project and matching maturity profiles of financial assets and liabilities. The Company's policy throughout the year has been to ensure continuity of funding using the various facilities outlined in the interest rate section above.

Currency risk
The Company only deals in sterling and therefore has no exposure to foreign exchange risk.

Performance risk
The Company mitigates performance risk through a robust asset management process, and passes on risks of non-performance to service providers and subcontractors.

GOING CONCERN

The Company's forecasts and projections taking account of reasonably possible changes in trading performance, and the net current liability position of the Company, show that the Company should be able to operate within the level of its current resources. The Company's going concern is dependent upon performance of the entities within the Equitix MA 2 LP and Equitix M25 Access LP group. The Company has obtained a letter of support from its parent entities, Equitix MA 2 LP and Equitix M25 Access LP ("the Funds"). After making enquiries, the Directors have a reasonable expectation that the Company and its parents have adequate resources to continue in operational existence for the foreseeable future, and for a minimum of 12 months from the date of signing of this report, despite any economic uncertainties. In forming this conclusion, the following has been taken into consideration:

- both Equitix MA2 LP and Equitix M25 Access LP Funds are fully drawndown and fully invested so there are no future investment commitments;
- both Funds and the Company have limited other outgoings and the Funds have sufficient cash flows forecast to cover these as they fall due;
- the Funds' financial model, which consolidates the returns from the Company's investment portfolio;
- the Company's borrowings from its parents, Equitix MA 2 LP and Equitix M25 Access LP, are Eurobonds listed on The International Stock Exchange.

The Directors of the Company have considered the impact of the COVID-19 global pandemic which has arisen in 2020 when preparing these financial statements. Refer to Note 2 Accounting Policies and Note 20 Post Balance Sheet Events.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken 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.

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

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

This report was approved by the board and signed on its behalf.

J C Smith
Director

Date: 11/02/2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2019

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

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are are relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

PRINCIPAL ACTIVITIES

Equitix MA 2 Capital Eurobond Limited (the "Company") was incorporated in England and Wales on 16 December 2016 and issued 100 ordinary shares of £1 each. The financial statements are for the year ended 31 December 2019.

The Company's principal activity relates to investment in a long-term PPP/PFI contract held with a local authority in the UK.

BUSINESS REVIEW

On 23 January 2017 the Company entered into a loan with Equitix MA 2 LP and Equitix M25 Access LP for £92,100k for investing in Connect Plus (M25) Limited.

On 23 January 2017 the Company's subsidiary, Equitix Orbital Holdings Limited, acquired an effective 14% holding in the subordinated debt and ordinary share capital of Connect Plus (M25) Limited for £92,100k.

The Company’s direct subsidiaries are held at fair value on the Statement of Financial Position with movements recorded through the Statement of Comprehensive Income, as explained in note 2. In order to determine the fair value of these investments, the Company takes into consideration the fair value of all the underlying portfolio companies and intermediate holding companies.

On 10 August 2017 the Company entered into a loan agreement with Equitix MA 2 LP and Equitix M25 Access LP for £92,100k under the Eurobond facility which is listed on the The International Stock Exchange ("TISE"). This loan is repayable in 2042 and bears interest at a rate of 12%. Under this agreement, all existing 364 day loans have been repaid.

The Company’s direct subsidiaries are held at fair value on the Statement of financial position with movements recorded through the Statement of comprehensive income, as explained in note 2. In order to determine the fair value of these investments, the Company takes into consideration the fair value of all the underlying portfolio companies and intermediate holding companies.

KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are primarily client and financially focused; including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by the local authorities;
- the progress of the project company;
- the comparison of actual cash flows costs to those that have been forecast;
- the value of investment held in the company project in association with the expected future cash flows; and
- that the operational project is performing within the restrictions of the project documentation.

The results for the year are shown on page 11 in the Statement of Comprehensive Income. This shows a total comprehensive loss of £353k (2018: profit of £19,092k) and a net finance expense amounting to £4,109k (2018: £4,474k). The loss for 2019 includes an increase in the fair value of the investments of £3,756k (2018:£23,566k). The Directors do not recommend the payment of a dividend (2018: none).

FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease; the Company will continue to act as holding company for the Equitix MA 2 LP and Equitix M25 Access LP PFI / PPP asset.

The Directors of the Company have considered the impact of the COVID-19 global pandemic which has arisen in 2020 when preparing these financial statements. Refer to Note 2 Accounting Policies and Note 20 Post Balance Sheet Events.

PRINCIPLE RISKS AND UNCERTAINTIES

The Company has entered into inter-company loan agreements with its parent entity and into loan arrangements with its investments. A principal risk is the Company not receiving interest payments in order to make interest payments to its parent entity. Therefore, the Company's main concerns are attributable to the sound operation of the underlying PFI/PPP infrastructure assets, ensuring that the modelled cash flows, made up of, but not limited to, subordinated debt principal repayments, subordinated debt interest payments, dividends and other fees are indeed received. The Company will monitor actual and projected cash flows to ensure that the returns are as expected. In addition, the Company will also look to optimise returns from the underlying PFI/PPP local authority infrastructure assets through achieving efficiencies at project level and by maximising synergies at portfolio level

This report was approved by the board and signed on its behalf.

J C Smith
Director

Date: 11/02/2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 2 CAPITAL EUROBOND LIMITED

Opinion

We have audited the financial statements of Equitix MA 2 Capital Eurobond Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the 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 company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

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 a year from the date of approval of the financial statements. In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model, and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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, other irregularities, 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, other irregularities 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.

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.

Matthew Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 11/02/2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Investment income	7	6,940	6,575
Fair value gain on investments	11	3,756	23,566
Operating profit	5	10,696	30,141
Finance costs	8	(11,049)	(11,049)
(Loss)/profit before tax		(353)	19,092
Tax	9	-	-
(Loss)/profit for the year		(353)	19,092

All the above items relate to continuing operations.

The notes on pages 16 to 34 form part of these financial statements.

The Company has no other comprehensive income and therefore no separate statement of total comprehensive income has been presented.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Investments held at fair value	**11**	118,616	117,916
		118,616	117,916
Current assets			
Trade and other receivables	**12**	1,602	44
		1,602	44
Total assets		120,218	117,960
Liabilities			
Non-current liabilities			
Borrowings	**14**	92,079	92,079
		92,079	92,079
Current liabilities			
Trade and other payables	**13**	11,303	8,692
		11,303	8,692
Total liabilities		103,382	100,771
Net assets		16,836	17,189

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Equity			
Share capital	**15**	-	-
Retained earnings		16,836	17,189
Shareholders' equity		16,836	17,189

The notes on pages 16 to 34 form part of these financial statements.

The notes to the financial statements of Equitix MA 2 Capital Eurobond Limited, registered number 10529272 were approved by the Board of Directors and were signed on its behalf by:

J C Smith
Director

Date:11/02/2021

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained earnings £000	Total equity £000
At 1 January 2018	(1,903)	(1,903)
Profit for the year	19,092	19,092
At 31 December 2018	17,189	17,189
At 1 January 2019	17,189	17,189
Loss for the year	(353)	(353)
At 31 December 2019	16,836	16,836

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

The company does not have a bank account and therefore has no cash transactions (2018: none restated).

In the prior year financial statements a cash flow statement presented certain transactions as cash transactions however the company did not have a bank accounts. As such all transactions were non-cash and for this reason the prior year cash flow statement has been restated.

1. GENERAL INFORMATION

Equitix MA 2 Capital Eurobond Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 3 and 4, and Strategic Report on pages 6 and 7. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates. Monetary amounts are rounded to the nearest £'000.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the current are set out below.

The financial statements are prepared on the historical cost basis except certain financial assets measured at fair value. As a consequence of the Company's parent meeting the criteria to be defined as an Investment Entity under International Financial Reporting Standard (IFRS) 10, Consolidated Financial Statements ("IFRS 10"), the Company's results are not consolidated into a parent entity. The Company has considered the need to prepare consolidated financial statements, however, the Company has adopted Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27) and meets the definition of an Investment Entity under IFRS 10, on the basis of the following criteria:

(i) the Company obtains funds from multiple ultimate investors for the purpose of providing those investors with investment management services;
(ii) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(iii) the Company measures and evaluates the performance of substantially all of its investment on a fair value basis.

As such it is required to account for its investments at fair value through profit and loss and hence has not prepared consolidated financial statements.

IFRS 10 requires the Company to measure its interests in subsidiary investments under IFRS 9: Financial Instruments ("IFRS 9") and IFRS 13: Fair Value Measurement ("IFRS 13"). The investments are valued at fair value with gains or losses on measurement of investments accounted for through the Statement of comprehensive income (see note 11).

Joint ventures are those entities over which the Company has significant influence and joint control as defined in IAS 28 'Investments in Associates and Joint Ventures'. By virtue of the Company meeting the definition of a fund management company and the wholly-owned subsidiary of an investment fund and the exemption provided by IAS 28, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit and loss, in accordance with the equivalent measurement exception under IAS 28 and IFRS 13, with changes in fair value recognised in the Statement of comprehensive income in the period of charge.

2. ACCOUNTING POLICIES (continued)

2.2 Going concern

The financial statements have been prepared on a going concern basis, despite the company being in a net current liability position, which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its borrowings from its parent, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the parent entities not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £103,382k (2018: £100,771k), and providing additional financial support during that period. The parents have indicated its intention to continue to make available such funds as are needed by the Company, and that they do not intend to seek repayment of the amounts due at the Statement of Financial Position date, for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As part of these enquiries, the Directors have also considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bond markets. The main risk resulting from COVID-19 for the Company is in respect of the impact on the valuation of investments held at fair value through profit and loss. This Company's performance is intrinsically linked with the performance of the Funds and the Directors have considered the impact of potentially lower valuations and do not consider there to be any significant impact on the going concern basis of preparation of the Company's financial statements. Whilst the Company holds a single asset investment, the investment has a high degree of revenue backed by the government. Therefore the Directors consider that no severe but plausible downside event would prevent the Company being able to meet its liabilities as they fall due. In conjunction with this assessment, the Directors believe the Company, and the wider group, has sufficient reserves and business controls to address any financial impact and therefore the Directors consider there is no significant impact on the going concern basis of preparation of these financial statements.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.4 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2. ACCOUNTING POLICIES (continued)

2.5 Accruals and provisions

Accruals and provisions are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.6 Taxation

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

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

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

Deferred tax liabilities are recognised for taxable difference arising on investments, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and the rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company, and the Company intends to settle its current tax assets and liabilities on a net basis.

2. ACCOUNTING POLICIES (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 'Financial Instruments'.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets
Financial assets, are classified in the following categories: fair value through profit and loss and 'amortised cost'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

i) *Investments at fair value through profit or loss*
Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value observable transactions are considered and fair value is measured using assumptions that market participants would use when pricing assets including assumptions regarding risk. The sub debt and equity are considered to have the same risk characteristics. As such, the debt and equity form a single class of financial instrument for the purposes of this disclosure. The Company measures its investments as a simple class of financial asset at fair value in accordance with IFRS 13. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating Statement of Comprehensive Income.

I*nvestments in subsidiaries*
The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment related services or activities. The Company measures its investments in PPP assets that are subsidiaries at fair value in accordance with IFRS 9 and IFRS 13.

2. ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Equitix MA 2 Capital Eurobond Limited holds 55% of the issued share capital and debt of Equitix Orbital Holdings Limited, which owns a portfolio of investee companies and their associated intermediate holding companies. The fair value of investments is determined by valuing the underlying portfolio investee companies and intermediate holding companies. Investments are designated as "financial assets at fair value through profit and loss" as these assets are managed on a fair value basis for capital gain. The investments are initially recognised at fair value and are subsequently re-measured at fair value, which is determined by the Directors. Recognised gains and losses and unrealised gains and losses arising from the revaluation of investments at the period end are taken directly to the Statement of Comprehensive Income.

The current portfolio of investments held by the Company are valued using discounted cash flow analysis based on financial models that form part of the project documents. Future forecast shareholder cash flows are discounted at a rate which allows for influences of individual project attributes and general economic conditions to reflect a value as at the balance sheet date; these values are then compared against recent, similar market transactions as a gauge of estimations and uncertainties

ii) *Loans and receivables*
Trade receivables, loans and other receivables that are non derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'amortised cost'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the Statement of Financial Position date which are classified as non current assets. The Company's loans and receivables comprise 'trade and other receivables' in the Statement of Financial Position.

Impairment of financial assets
Financial Assets are assessed for impairment under the expected credit loss model (“ECL”). Assessment for impairment is based on a three-stage approach based on changes in credit risk since initial recognition, with each stage representing a change in the credit risk of Financial Assets. If a significant increase in credit risk is identified, the financial instrument is moved from stage one to stage two but is not yet deemed to be credit impaired; financial instruments that are deemed to be credit impaired are moved to stage three. The expected credit loss for stage one financial instruments is equal to the portion of lifetime expected credit losses that result from default events within the next twelve months. The expected credit loss for stage two and three financial instruments is equal to expected credit losses on a lifetime basis. ECLs are recognised in the Statement of Comprehensive Income. Amounts receivable from Financial Assets are written off, when the Directors conclude that there is no longer any realistic prospect of recovery of part or all of the receivable. Amounts receivable from Financial Assets are reviewed regularly and write off will be prompted by insolvency, adverse changes in operations and similar events associated with the Financial Asset.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

Fair value estimation
The fair value of financial instruments that are not traded in an active markets is derived the following ways:

2. ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

i) Investments at fair value through profit or loss
Fair value is calculated by discounting future cash flows, from investments in both equity and subordinated loans (interest and repayments), the Company at an appropriate discount rate. In determining the discount rate, regard has been given to risk free rates and risk premia that are specific to the individual concessions. The discount rates that have been applied to the financial assets at 31 December 2019 were 6.51% (2018: 6.56%).

ii) Loans and receivables
Loans and borrowings are held at amortised cost.
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Financial liabilities and equity
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are classified as 'other financial liabilities' and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

2.8 Financial risk management

The Company has loans from Equitix MA2 LP and Equitix M25 Access LP, the Company's immediate parents, with fixed interest rates. These loans, including accrued interest, are repayable when the Company has sufficient surplus cash. The value of the loan shown on the Statement of Financial Position represents the value of the loan as at the Statement of Financial Position date.

2. ACCOUNTING POLICIES (continued)

2.9 Assessable risks

Credit risk
The Company is not exposed to significant credit risk as the Company derives interest from subsidiaries which are PFI concessions with government departments, local authorities and other public sector clients. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

Liquidity risk
The Company adopts a prudent approach to liquidity management to meet its financial obligations.

Foreign exchange risk
The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Expenses

All expenses are accounted for on an accruals basis. All relevant expenses are charged through the Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Investments at fair value through profit or loss

By virtue of the Company's status as an Investment Entity under IFRS 10, investments in subsidiaries are designated upon initial recognition, and subsequently accounted for, at fair value through profit or loss.

The fair values of unlisted investments, which are not traded in an active market, are determined using valuation techniques. As disclosed in note 2 to the financial statements, the Directors principally use discounted cash flow analysis to make their best estimation of the fair value. The estimate of fair value may vary from the price achieved in an actual sale as potential acquirers may use different valuation criteria for their own strategic reasons.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

a) Investments at fair value through profit or loss (continued)

The principal drivers of internally prepared valuations are therefore:

i) expected future net cash flows; and
ii) the discount rate to be applied.

The fair value estimation takes into account the future distributions to be received by the Company from its investments.

Future distributions involve a degree of uncertainty in terms of their amount and timing. Cash flows in the underlying investments are exposed to risks in relation to deductions that may be made by the relevant Government Authority in relation to performance conditions and inflation.

If the expected future net cash flows were decreased or increased by 10%, with all other variables held constant, the impact on the value of financial assets would be £11,862k (2018: £11,972k) loss/gain respectively.

The discount rate is determined in relation to the particular risks for each investment. All relevant risks such as interest rate risk, credit risk and liquidity risk are incorporated in the fair value of the investments by adjusting the expected cash flows or discount rate used for the valuation of investments. The discount rate used for the 2019 valuation was 6.51% (2018: 6.56%). If the discount rate used in the valuation was increased or decreased by 100 bps, the impact on the value of the financial assets would be a loss of £10,287k (2018: £10,710k) or a gain of £11,774k (2018: £12,329k), respectively.

b) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is derived in one of the following ways:

i) Financial assets at fair value through profit and loss
Financial assets are recognised initially at fair value. Subsequent to initial recognition, the financial assets are measured at fair value using the discounted cash flow methodology. In determining the discount rate, regard is had to risk free rates and risk premia that are specific to the individual concession.

ii) Loans, receivables, and payables
The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values.

iii) Borrowings
Intercompany loans are held at amortised cost.

4. INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW REVISED STANDARDS

A number of new standards are effective 1 January 2019 but do not have a material effect on the Company's financial statements. The notable new standards are listed below:

- IFRS 16 Leases (January 2019)
- IFRIC 23 'Uncertainty over Income Tax Treatments' (1 January 2019)
- Amendments resulting from the annual improvements to IFRS Standards 2015-2017 Cycle (1 January 2019)

Standards Issued but not yet effective
The following Adopted IFRS have been issued however the Company has not early adopted the new or amended standards in preparing these financial statements.

- Amendments to Reference to the Conceptual Framework in IFRS Standards and Revised Conceptual Framework (effective 1 January 2020)
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020)

The directors do not expect that the adoption of the standards listed above will have a material impact on the Company in future periods.

5. OPERATING PROFIT

The profit from operations of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix MA 2 Capital Eurobond Limited of £10,600 (2018: £8,500) has been borne by Equitix MA 2 LP and Equitix M25 Access LP, who will not seek compensation from the Company. There were no non-audit fees (2018: none).

6. DIRECTORS' REMUNERATION

No staff were directly employed by the Company. (2018: none).

No Directors received any remuneration for services to the Company during the year (2018: nil). The Company is managed by secondees from other Equitix companies. No recharge for services rendered has been made during the year (2018: none).

7. INVESTMENT REVENUE

	2019 £000	2018 £000
Interest income on loans to investments	6,940	6,575
	6,940	6,575

8. FINANCE COSTS

	2019 £000	2018 £000
Interest expense on loans from parent entity	11,049	11,049
	11,049	11,049

9. TAX

The differences between the total current tax shown and the amount calculated by applying the average rate of UK corporation tax to the profit before tax are as follows:

	2019 £000	2018 £000
(Loss)/profit before tax	(353)	19,092
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19%	(67)	3,627
Tax effect of income not taxable in determining taxable profit	(714)	(4,478)
Losses not utilised in the year	781	851
Total current tax	-	-

A deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recovered. The amount of the deferred tax asset not recognised is £781k (2018: £851k) calculated at 19% the rate substantively enacted at the Statement of Financial Position date.

Changes in tax rates and factors affecting the future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

10. FAIR VALUE MOVEMENTS ON INVESTMENTS

The gain on investments of £3,756k (2018: £23,566k) has been included in the Statement of Comprehensive Income.

The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Further detail is given in note 11.

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 £000	2018 £000
Opening net book value	117,916	94,350
Repayment of principal	(3,056)	-
Fair value gain	3,756	23,566
Closing net book value	118,616	117,916

The following economic assumptions were used in the discounted cash flow valuations:

UK inflation rates	2.8% for 2019, long term 3%
UK deposit interest rates	0.5% for 2019, long term 1.0%
UK corporation tax	19% for 2019, long term 17%

Investments are generally restricted on their ability to transfer funds to the Company under the terms of the senior funding arrangement for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the company;
- Project performance is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

A list of principal subsidiaries and joint ventures of the Company can be found in note 19 of these financial statements.

12. TRADE AND RECEIVABLES

	2019 £000	2018 £000
Interest receivable from investments	1,602	44
	1,602	44
Included on the balance sheet as follows:		
Current	1,602	44
	1,602	44

The carrying value of these assets approximates their fair value. All amounts are recoverable in less than one year.

Interest receivable from investments in the current year represents accrued interest on subordinated debt loans to the investments listed in the list of investments (note 19).

13. TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Interest payable to parent	11,303	8,692
	11,303	8,692
Included on the balance sheet as follows:		
Current	11,303	8,692
	11,303	8,692

The carrying amount of these liabilities approximates their fair value. Interest payable to parent in the current year represents accrued interest on loan note borrowings from Equitix MA 2 LP and Equitix M25 Access LP.

14. BORROWINGS

	2019 £000	2018 £000
Loans from Parent entities	92,079	92,079
Included on the Statement of Financial Position as follows:	92,079	92,079
Non-current	92,079	92,079
	92,079	92,079

Amounts owing to parent undertakings comprise £92,079k of Eurobond Loan Notes, listed on The International Stock Exchange on 10 August 2017, and subscribed to by Equitix MA 2 LP and Equitix M25 Access LP. The intercompany loan notes are unsecured, have an interest rate of 12% and fall due for repayment on 17 January 2042.

15. SHARE CAPITAL

	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1 each	100	100	100	100
	100	100	100	100

16. FINANCIAL INSTRUMENTS

Capital risk management
The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company borrowings are as disclosed in note 14 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Company is not subject to any externally imposed capital requirements.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

a) Categories of financial instruments

	2019 £000	2018 £000
Financial assets		
Fair value through profit and loss		
Investments	118,616	117,916
Loans and receivables at amortised cost		
Interest receivable from investments	1,602	44
	120,218	117,960

	2019 £000	2018 £000
Financial liabilities at amortised cost		
Borrowings	92,079	92,079
Other payables	11,303	8,692
	103,382	100,771

b) Financial risk management objectives

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.
The Company does not enter into financial derivative contracts.

Market risk
The Company's activities expose it primarily to the financial risks of interest rates and performance risk.

16. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives (continued)

Interest rate risk management
The Company has limited exposure to interest rate risk from intra group loans as the underlying borrowings are at a fixed interest rate. Therefore the Company is not exposed to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

Interest rate sensitivity analysis
The Company has no exposure to interest rate risk from intercompany loans because the loans held with Equitix MA 2 LP and Equitix M25 Access LP have a fixed interest rate of 12%.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparty and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. For cash and cash equivalents the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial asset consists of amounts receivable from related parties.

The Company only transacts with creditworthy PFI / PPP concession company that have a cash flow derived from projects in agreement with government or semi-government authorities. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements.

16. FINANCIAL INSTRUMENTS (continued)

The tables presented on the following page detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on undiscounted cash flows of financial liabilities based on the earliest date the Company could be required to satisfy borrowing repayments. The table includes principal repayment and assumed interest cash flows:

Liabilities

	2019 £000	2018 £000
5+ years		
Borrowings	92,079	92,079
	92,079	92,079
Total		
Borrowings	92,079	92,079
	92,079	92,079

In addition to the above principal repayments, undiscounted interest payments of £8,013k (2018: £8,439k) are due within 1 year, £33,088k (2018: £28,992k) are due within 2-5 years, and £203,435k (2018: £207,921k) are due in more than 5 years from the reporting date end.

Performance risk management
Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cashflows as expected. To mitigate this risk, the projects are closely managed by the asset management team and risks of non-performance are passed onto service providers and subcontractors by the PFI contract structure, leaving the PFI investment insulated from issues of non-performance.

16. FINANCIAL INSTRUMENTS (continued)

c) Fair value of financial instruments
The fair value of financial assets and liabilities is determined as follows:

The fair value of non-derivative financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of loans is estimated with reference to the interest rate of the debt when it was initially acquired and any subsequent movement in the risk profile of the asset and general lending rates at the Statement of Financial Position date.

The fair value of other non-derivative financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Directors consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in the financial statements, are approximately equal to their fair values.

i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities, where inputs are observable;

ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) where inputs are directly or indirectly observable; and

iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data, where the inputs are unobservable.

There have been no transfers between these categories in the current year.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	2019 £000	2018 £000
Investments at fair value through profit or loss		
Level 3	118,616	117,916
	118,616	117,916

16. FINANCIAL INSTRUMENTS (continued)

The fair value calculation is performed on a recurring, annual basis, as defined by IFRS 13.

The key assumptions used in determining the fair values of unquoted investments and a sensitivity analysis is disclosed in note 3

	2019 £000	2018 £000
Reconciliation of investments at fair value through profit or loss		
Opening net book value	117,916	94,350
Movement due to change in discount rate	512	3,093
Movement due to change in cash flows	784	26,202
Movement due to unwinding of discounting calculation	7,471	6,691
Repayment of principle	(3,056)	-
Receipt of distributions from investments	(5,011)	(12,420)
Closing net book value	118,616	117,916

Gearing ratio

Gearing ration at the year end is as follows:

	2019 £000	2018 £000
Debt	92,079	92,079
Net debt	92,079	92,079
Equity	16,836	17,189
Net debt to equity ratio	16,836	17,189
The net debt to net debt plus equity ratio is	85%	84%

Debt is defined as long- and short-term borrowings as detailed in note 14.

Equity includes all capital and reserves of the Company that are managed as capital.

17. RELATED PARTY TRANSACTIONS

Statement of Comprehensive Income transactions

Related party	Transaction Description	2019 £000	2018 £000
Equitix MA 2 LP	Interest Expense	(9,555)	(9,555)
Equitix M25 Access LP	Interest Expense	(1,494)	(1,494)
Equitix Orbital Holdings Limited	Interest Income	6,940	6,575
		(4,109)	(4,474)

Amounts owed by related parties

Related party	Transaction Description	2019 £000	2018 £000
Equitix Orbital Holdings Limited	Interest debtor	1,602	45
Edge Orbital Holdings Limited	Loan notes	75,790	78,847
		77,392	78,892

Amounts owed to related parties

Related party	Transaction Description	2019 £000	2018 £000
Equitix MA 2 LP	Loan Notes	(79,629)	(79,629)
Equitix M25 Access LP	Loan notes	(12,450)	(12,450)
Equitix MA 2 LP	Interest creditor	(9,777)	(7,517)
Equitix M25 Access LP	Interest creditor	(1,526)	(1,175)
		(103,382)	(100,771)

18. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Equitix MA 2 Fund Holdco Limited, registered address Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, a company incorporated in Guernsey. The Company's ultimate parent and controlling entities are Equitix MA 2 LP, and Equitix M25 Access LP, registered address 3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD, limited partnerships registered in England and Wales. The Company's results are not consolidated as the Company and its ultimate parent entities meet the criteria of Investment Entities under IFRS 10 and the Company's parents do not prepare consolidated accounts.

19. SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2019

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
Edge Orbital Holdings 2 Limited *	27.5% ordinary share capital	1,375 ordinary £0.01% shares	Parent company to Connect plus (M25) Intermediate Ltd	3rd Floor, 3-5 Charlotte Street Manchester M1 4HB
Edge Orbital Holdings Limited *	27.5% ordinary share capital	1,375 ordinary £0.01% shares	Parent company to Connect Plus (M25) Holdings Ltd	3rd Floor, 3-5 Charlotte Street Manchester M1 4HB
Equitix Orbital Holdings Limited	55% ordinary share capital	55 ordinary £1 shares	Parent company to Edge Orbital Holdings 2 Limited and Edge Orbital Holdings Limited	3rd Floor, South Building 200 Aldersgate Street London EC1A 4HD

*Designates investments that are held indirectly.

20. POST BALANCE SHEET EVENTS

During the period from the date of the Statement of Financial Position to the date of the financial statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the underlying investment portfolio and activity of the Company is difficult to determine, however the Directors are monitoring the situation and considering the effect it may have on the valuation of any impacted underlying portfolio companies in the future. In accordance with the requirements of IFRS, the fair valuations at the date of the statement of financial position reflect the economic conditions in existence at that date. The next date at which a valuation of unquoted investments will be performed will be as at 31 December 2020. The Directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this non-adjusting subsequent event.