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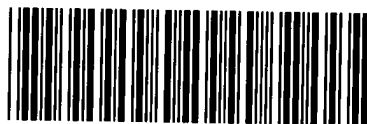
**ANNUAL REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 March 2020**

**REGISTERED NUMBER**

**01583260**

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# Iona Capital Ltd

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## Company Information

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Board of Directors

Nicholas Ross  
Philip Davies  
Colm Walls

Auditors

RSM UK Audit LLP  
25 Farringdon Street  
London EC4A 4AB

Bankers

HSBC Bank PLC  
60 Queen Victoria Street  
London  
EC4N 4TR

Secretary and Registered Office

Nicholas Ross  
123 Pall Mall  
London  
SW1Y 5EA

# Iona Capital Ltd

## Directors' Report

The Directors present their Annual Report and the Consolidated Financial Statements of Iona Capital Ltd ('the Company'), Advantage Biogas Ltd, Iona EI (General Partner) LLP, Iona EI (General Partner) 2 LLP, Iona NW (General Partner) LLP and Iona EI (General Partner) 3 LLP (together 'the Group') for the year ended 31 March 2020.

The Strategic Report on page 4 provides information on the principal risks of the Group and consideration of future developments.

### PRINCIPAL ACTIVITY

The principal activity of the Group continues to be that of Investment Management. It is regulated by the Financial Conduct Authority ('FCA').

### RESULTS AND DIVIDEND

The loss for the year after taxation amounted to £2,176 (2019: profit of £1,140,520). An interim dividend of £300,000 was recommended and paid during the year (2019: £250,000).

### DIRECTORS

Directors of the Company during the year and at the date of this report were as follows:

Nicholas Ross  
Philip Davies  
Colm Walls

Michael Dunn resigned on 23 October 2019.

### DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the other Directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

The Company decided not to continue with Ernst & Young LLP as auditor. There were no disagreements and the relationship ended amicably. On 23 December 2019 the Company appointed RSM UK Audit LLP as auditor and RSM UK Audit LLP has indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next board meeting.

### ELECTIVE RESOLUTIONS

By a written resolution dated 23 December 1997, elective resolutions were approved whereby the Company is no longer required to hold Annual General Meetings and the Directors are no longer required to lay Financial Statements before the Company in general meetings.

By Order of the Board of Directors



Colm Walls  
123 Pall Mall  
London  
SW1Y 5EA

Date: 24 July 2020

# Iona Capital Ltd

## Strategic Report

### BUSINESS REVIEW

The Group held management agreements with Iona Environmental Infrastructure LP, Iona Environmental Infrastructure 2 LP, Iona North West Environmental Infrastructure LP and Iona Environmental Infrastructure 3 LP ('the Institutional Funds') during the year. The Institutional Funds provide equity and subordinated debt into renewable infrastructure projects in the Bio Energy sector.

In addition to managing the funds, the Company provides back office support to investee companies of the Institutional Funds.

The Group traded profitably in the year however due to the treatment of transaction fee income in the year to 31 March 2019, its audited loss before tax was £94,413 (2019: profit of £1,083,873).

The Group ended the year with net assets of £2,566,240 (2019: £2,868,416). The Board regularly reviews the development and strategic direction of the Group. The Group intends to continue developing its business in the Bio Energy sector, with emphasis on the institutional fund business where it continues to see good growth potential.

### ESG

Iona Capital Ltd is a fund management business whose mission statement is, "By delivering superior investment returns in sustainable businesses, we help drive funding to accelerate the transition to a low carbon global economy." This defines the Group's primary commitment to fund environmental investment opportunities together with our implicit support of the broader UN Sustainable Development Goals.

Furthermore, Iona Capital Ltd is a signatory to the UN's Principles for Responsible Investment ('UNPRI') and as such commits to the UNPRI's six core principles.

The board believe that superior investment performance is fully compatible with a responsible and progressive approach to ESG as markets and governments increasingly embrace the necessary transition to a sustainable economy.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Price risk

The Group's income comprises mainly amounts that are fixed (subject to RPI movements), or are fixed percentages of funds committed by its clients, so that the key risk facing is the loss of key personnel. Client agreements include a 'key person' clause whereby continuing investment of funds is dependent on continuity of the current Directors of the Company. Loss of these Directors may result in suspension of the investment period during which no new investments may be entered into. The key person clause was triggered in October 2019 and as a result the investment period for one fund was suspended. The suspension remains in place as at the date of signing of the Financial Statements however this has not had an impact on the revenue of the Group. If the investment period is terminated as a result of the suspension there would be no significant impact to the Group's income.

#### Liquidity risk

As explained in the Going Concern note below the Group's liquidity risk is assessed regularly through review of the balance sheet and cash flow forecasts.

#### Credit risk

Credit risk is assessed through regular review of the Group's debtor position, including aged debts. A significant proportion of the aged debt on the Group's balance sheet is due from the investee companies of the funds managed by the Group and therefore there is visibility over debt recovery.

#### Other risks

The Group's other principal risks include legal, regulatory and operational risk. The Group has detailed policies and procedures surrounding these risks, which are regularly reviewed by external advisors.

### COVID-19

The Directors are actively monitoring the effects of the Coronavirus Disease 19 "COVID-19". The Directors do not believe this situation has altered the risk assessment described above as the Directors are ensuring all government guidelines are adhered to and operating cash inflows are expected to continue to be positive. This is due to fee income being generated from investor backed funds and thus the group and company continue to have sufficient resources in place to continue operating.

# Iona Capital Ltd

## Strategic Report

The Company in its capacity as fund manager has undertaken a detailed review of its portfolio with particular focus on liquidity needs and the ability of employees to continue working. Under current government guidelines, all of the underlying funds' investments are in companies which are classified as utilities or producers of key goods, and therefore the associated staff are defined as key workers. The Company has spoken with key suppliers to all investee companies, in particular the feedstock suppliers. Food production is viewed as essential, as is waste processing, therefore the Company does not anticipate long term issues with the supply chain. In addition, staff rotas are in place at all operating sites to ensure that if there are absences due to illness there is sufficient cover.

### GOING CONCERN

The Group's activities, together with the factors likely to affect its future development, its financial position and the financial risks are described above.

After reviewing the balance sheet and cash flow forecasts and projections (including the impact of COVID-19), the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing financial statements. See note 1 on page 13 for further information.

### KEY PERFORMANCE INDICATORS ('KPIs')

The key KPIs for the Group are revenue and profit before tax. In the year to 31 March 2020 the Group's revenues totalled £3,354,595 (31 March 2019: £5,311,119) and the loss before tax was £94,413 (31 March 2019: profit of £1,083,873). The Group's Directors monitor these on a regular basis.

### SECTION 172 STATEMENT

The Board of Directors of Iona Capital Ltd consider, both individually and together, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 March 2020.

The Group's purpose is to manage and advise on investments of UK Institutional Funds in the United Kingdom. Iona is focused on creating sustainable long-term value for each of its stakeholders, including shareholders, investors in the funds, employees and local communities. To achieve this, the Board has engaged with its key stakeholders and has considered and monitored the Group's principal risks (see page 4). The safety of the Group's workforce and the communities in which it operates is a key component of its culture and is critical to the Group's success.

By Order of the Board of Directors



Colm Walls  
123 Pall Mall  
London  
SW1Y 5EA

Date: 24 July 2020

## Iona Capital Ltd

### Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Iona Capital Ltd

## Independent Auditor's Report to the Members of Iona Capital Ltd

### Opinion

We have audited the financial statements of Iona Capital Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Group and Parent Company Statement of Changes in Equity, Group and Parent Company Statement of Financial Position, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



# Iona Capital Ltd

## Independent Auditor's Report to the Members of Iona Capital Ltd

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### Use of our report

This report is made solely for 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.

RSM UK Audit LLP

STUART CLOWSER (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB

24 July 2020

## Iona Capital Ltd

## Group Statement of Comprehensive Income

	Notes	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Turnover	2	3,354,595	5,311,119
Operating expenses		(3,487,135)	(4,149,765)
<b>Group operating (loss)/profit</b>	<b>3</b>	<b>(132,540)</b>	<b>1,161,354</b>
Share of losses in associates		-	(117,088)
<b>(Loss)/profit on ordinary activities before interest and taxation</b>		<b>(132,540)</b>	<b>1,044,266</b>
Interest receivable and similar income		38,127	39,607
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(94,413)</b>	<b>1,083,873</b>
Taxation	5	92,237	56,647
<b>(Loss)/profit for the financial year</b>		<b>(2,176)</b>	<b>1,140,520</b>

All results and comparatives shown in the consolidated income statement are from continuing operations.

## Group Statement of Comprehensive Income

Group	Year ended 31 March 2020 £	Year ended 31 March 2019 £
(Loss)/profit for the year	(2,176)	1,140,520
Total comprehensive income for the year	(2,176)	1,140,520
<b>Total comprehensive income for the year attributed to:</b>		
Owners of the Parent Company	(2,176)	1,140,520

The notes on pages 13 to 22 form an integral part of the financial statements.

## Iona Capital Ltd

## Group and Parent Company Statement of Changes in Equity

Group	Called up share capital	Profit and Loss account	Shareholders' equity
	£	£	£
At 1 April 2018	597,500	1,380,396	1,977,896
Profit for the year	-	1,140,520	1,140,520
Dividends paid	-	(250,000)	(250,000)
At 31 March 2019	597,500	2,270,916	2,868,416
Loss for the year	-	(2,176)	(2,176)
Dividends paid	-	(300,000)	(300,000)
At 31 March 2020	597,500	1,968,740	2,566,240
Parent Company	Called up share capital	Profit and Loss account	Shareholders' equity
	£	£	£
At 1 April 2018	597,500	1,273,906	1,871,406
Profit for the year	-	1,257,841	1,257,841
Dividends paid	-	(250,000)	(250,000)
At 31 March 2019	597,500	2,281,747	2,879,247
Loss for the year	-	(1,971)	(1,971)
Dividends paid	-	(300,000)	(300,000)
At 31 March 2020	597,500	1,979,776	2,577,276

## Iona Capital Ltd

## Group and Parent Company Statement of Financial Position

	Notes	Group		Parent Company	
		As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7	302,014	371,246	302,014	371,246
Investments	8	-	-	10,300	10,300
		<u>302,014</u>	<u>371,246</u>	<u>312,314</u>	<u>381,546</u>
<b>Current assets</b>					
Debtors	9	2,575,646	2,419,830	2,577,007	2,421,190
Cash at bank		1,630,495	1,268,496	1,468,525	1,267,667
		<u>4,206,141</u>	<u>3,688,326</u>	<u>4,045,532</u>	<u>3,688,857</u>
<b>Creditors</b>					
Amounts falling due within one year	10	(1,830,895)	(810,561)	(1,669,550)	(810,561)
<b>Net current assets</b>		<u>2,375,246</u>	<u>2,877,765</u>	<u>2,375,982</u>	<u>2,878,296</u>
<b>Total assets less current liabilities</b>		<u>2,677,260</u>	<u>3,249,011</u>	<u>2,688,296</u>	<u>3,259,842</u>
<b>Provisions for liabilities</b>	11	(111,020)	(380,595)	(111,020)	(380,595)
<b>Net assets</b>		<u>2,566,240</u>	<u>2,868,416</u>	<u>2,577,276</u>	<u>2,879,247</u>
<b>Represented by:</b>					
Called up share capital	12	597,500	597,500	597,500	597,500
Retained earnings		1,968,740	2,270,916	1,979,776	2,281,747
<b>Total shareholders' funds</b>		<u>2,566,240</u>	<u>2,868,416</u>	<u>2,577,276</u>	<u>2,879,247</u>

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of comprehensive income for the year. The Company reported a loss for the financial year ended 31 March 2020 of £1,971 (2019: profit of £1,257,841).

The notes on pages 13 to 22 form an integral part of the financial statements.

The Financial Statements on pages 9 to 22 were approved and authorised for issue by the Board of Directors on 24 July 2020 and were signed on its behalf by:



Director

Date: 24 July 2020

Registered Number: 01583260

## Iona Capital Ltd

## Group and Parent Company Statement of Financial Position

	Notes	Year ended 31 March 2020 £	Year ended 31 March 2019 £
<b>Net cash inflow from operating activities</b>	14a	641,794	1,670,576
<b>Investing activities</b>			
Interest received		38,127	39,607
Payments to acquire tangible fixed assets		(17,922)	(365,605)
<b>Net cash flow from investing activities</b>		20,205	(325,998)
<b>Financing activities</b>			
Dividends paid		(300,000)	(250,000)
<b>Net cash flow from financing activities</b>		(300,000)	(250,000)
Increase in cash and cash equivalents		361,999	1,094,578
Cash and cash equivalents at 1 April 2019		1,268,496	173,918
<b>Cash and cash equivalents at 31 March 2020</b>	14b	1,630,495	1,268,496

The notes on pages 13 to 22 form an integral part of the financial statements.

# Iona Capital Ltd

## Notes to the Financial Statements

### 1. Accounting Policies

#### STATEMENT OF COMPLIANCE

Iona Capital Limited ("the Company") is a limited liability company incorporated in England. The Registered Office is 123 Pall Mall, London, SW1Y 5EA.

The Company and its subsidiaries' ("the Group") financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group for the year ended 31 March 2020.

#### BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and on a going concern basis.

#### ACCOUNTING CONVENTION

The consolidated financial statements are prepared under the historical cost convention. The more significant accounting policies are listed below.

#### GOING CONCERN

The Group and Company have produced forecasts and projections, taking account of reasonably possible changes in trading performance (including the impact of COVID-19), which show that the Group and Company should be able to operate within its current working capital structure. After making enquiries, the Directors have a reasonable expectation that operating cash inflows will continue to be positive due to fee income being generated from investor commitments to funds managed and advised by the Company and therefore, that the Group and Company has adequate resources to continue in operational existence for the foreseeable future which is a period of twelve months from the date of approval of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

The Directors are actively monitoring the effects of the Coronavirus Disease 19 "COVID-19". The Directors do not believe this situation has altered the risk exposure (as explained on page 4 of the Strategic Report). As explained above, the Group and Company are expected to continue to have sufficient resources in place to continue operating.

#### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary undertakings (collectively the "Group") drawn up until 31 March each year. All material intercompany transactions and balances have been eliminated in the Group financial statements.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Under the equity method of accounting, an equity investment in associate is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss of the associate. If the share of losses of an associate equals or exceeds the carrying amount of the investment in associate, no further losses are recognised once the investment is reduced to zero. If the associate subsequently reports profits, the Group shall resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

In the Parent Company financial statements investments in subsidiaries and associates are accounted for at cost less impairment.

#### JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet and the amounts reported for revenues and expenses during the year. The Group makes estimates and assumptions concerning the future, however, the nature of estimation means that actual outcomes could differ from these estimates. The following estimates and judgments have had the most significant effect on amounts recognised in the financial statements.

#### Deferred charges

Commissions paid by the Company to third parties in connection with raising funds for an investment vehicle managed by the Company have been capitalised. The capitalised amount is initially recognised at cost and is being amortised on a straight-line basis over the remaining life of the investment vehicle. The balance remaining at 31 March 2020 is £358,662 - see note 9 for further details.

## Iona Capital Ltd

## Notes to the Financial Statements

## 1. Accounting Policies (continued)

## Other debtors

Included in other debtors are costs incurred in relation to fund raising, which are expected to be recovered from the funds when they have successfully closed. If the fund raising is unsuccessful these costs would be expensed, however management believes that it is appropriate to treat the costs as recoverable.

## Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority. Management estimation is required to determine the amount of deferred assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning. Further details are contained in note 5.

## Provisions

In calculating the dilapidations provision the Company has used estimated costs for returning the premises to their original state. The estimated cost/square foot were provided by the contractor who carried out the original fit-out of the premises and were in line with the actual cost/square foot incurred by the Company when reinstating its previous premises.

## TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all office equipment and furniture and fittings, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Office equipment: over 2 to 5 years

Furniture and fittings: over 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

## EQUITY INVESTMENTS

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at costs less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the costs of the instrument.

## FINANCIAL ASSETS

Financial assets are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets that are measured at fair value through profit or loss).

Assets which meet the definition of basic financial instruments shall be subsequently measured at amortised cost unless designated as fair value through profit or loss at the outset.

Assets which are non-basic financial instruments are measured at fair value through the profit and loss.

## OPERATING LEASE

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term.

## TAXATION AND DEFERRED TAXATION

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in a period different from those which they are recognised in the financial statement, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
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## Iona Capital Ltd

## Notes to the Financial Statements

## 1. Accounting Policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

## REVENUE RECOGNITION

## Turnover

Turnover represents (i) fees earned, net of value added tax, from investment management services and back office support to Institutional Funds and the investee companies of the Institutional Funds provided during the period and (ii) transaction fees earned, net of value added tax, when making new investments in investee companies. Both sources of turnover arise from continuing activities in the United Kingdom. Fee income is recognised when the Group obtains the right for considerations in exchange for its performance of services.

## Interest income

Revenue is recognised when interest accrues using the effective interest method.

## FOREIGN CURRENCY

The Financial Statements are prepared in Sterling which is the functional currency of the Group.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

## 2. Turnover

Turnover is attributable to activities related to investment management in the United Kingdom. Turnover included £3,029,753 (2019: £3,589,502) investment management fee income, £324,842 (2019: £295,363) administration fee income, and £nil (2019: £1,426,254) transaction fee income.

## 3. Group operating profit

Operating profit is stated after charging:	2020	2019
	£	£
Depreciation	87,153	29,979
Auditors' remuneration for audit services	13,500	14,500
Non-audit remuneration for tax compliance	5,350	-
Operating lease expense – Land and buildings	188,000	371,541

The audit fees of the general partners are borne by their respective limited partnerships.



## Iona Capital Ltd

## Notes to the Financial Statements

## 4. Staff costs

(a) Staff costs (including directors' remuneration)	2020	2019
	£	£
Wages and salaries	1,962,521	2,104,734
Social security costs	246,017	273,922
Pension costs	132,785	110,606
	<u>2,341,323</u>	<u>2,489,262</u>

The average monthly number of employees (including Directors) during the year	Nos	Nos
	19	18

(b) Directors' remuneration	£	£
Directors' remuneration	686,308	663,008
Social security costs	90,444	87,039
Pension costs (2020: 2 directors; 2019: 2 directors)	24,612	24,181
	<u>801,364</u>	<u>774,228</u>

In respect of the highest paid director:

Aggregate remuneration	283,774	232,500
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## 5. Taxation

## (a) Total tax charge on profit on ordinary activities

	2020	2019
	£	£
Current tax:		
UK Corporation tax at 19% (2019: 19%)	-	-
Adjustment in respect of prior year	177,338	(377,734)
	<u>177,338</u>	<u>(377,734)</u>

## Deferred tax

Current year	(269,575)	321,087
Effect of decreased tax rate	-	-
Group deferred tax	<u>(269,575)</u>	<u>321,087</u>

Total tax credit on profit on ordinary activities	<u>(92,237)</u>	<u>(56,647)</u>
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## Iona Capital Ltd

## Notes to the Financial Statements

## 5. Taxation (continued)

## (b) Factors affecting the total tax charge

The tax assessed on profit on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020	2019
	£	£
Loss/(profit) on ordinary activities before tax	(94,413)	1,083,873
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(17,938)	205,936
Expenses not deductible for tax purposes	5,837	17,418
Movement in unrecognised deferred tax	975	12,988
Income not taxable	39	22,287
Share of Limited Partnerships' (losses)/profits	(1,988)	(194,690)
Deferred income	(256,500)	256,500
Adjustment in respect of prior year	177,338	(377,734)
Effect of change in tax rate	-	648
Total tax (credit)/expense	(92,237)	(56,647)

## (c) Deferred taxation

Deferred tax included in the Statement of Financial Position is as follows:

	Group	Company
	£	£
Accelerated capital allowances	(57,020)	(57,020)
Deferred income	-	-
Included in Provisions for liabilities (note 11)	(57,020)	(57,020)
At 1 April 2019	(326,595)	(326,595)
Deferred credit/(charge) in the Income Statement (note 11)	269,575	269,575
At 31 March 2020	(57,020)	(57,020)

Under FRS 102 deferred tax balances should be calculated at the rate at which they are expected to unwind, based on the tax rates that have been substantively enacted or enacted at the balance sheet date. The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20 per cent to 19 per cent effective from 1 April 2019 and the UK Finance Bill 2016 was enacted in September 2016 reducing the standard rate of corporation tax further to 17 per cent effective from 1 April 2020. The 19 per cent rate has been used in calculating the deferred tax charge. The company has an unrecognised deferred tax asset of £16,020 (2019: £25,431). Deferred tax has not been recognised on this due to uncertainty over its recoverability.

## 6. Profit attributable to the members of the Parent Company

The loss dealt with in the financial statements of the Parent Company is £1,971 (2019: profit of £1,257,841).

## Iona Capital Ltd

## Notes to the Financial Statements

## 7. Tangible fixed assets

Group and Parent Company:	Office equipment	Fixture & Fittings	Total
Cost	£	£	£
At 1 April 2019	88,829	398,063	486,892
Additions	3,078	14,843	17,921
At 31 March 2020	91,907	412,906	504,813
Depreciation	£	£	£
At 1 April 2019	50,828	64,818	115,646
Charge for the year	17,725	69,428	87,153
At 31 March 2020	68,553	134,246	202,799
Carrying amount at 31 March 2020	23,354	278,660	302,014
Carrying amount at 31 March 2019	38,001	333,245	371,246

## 8. Investments

Group	2020	2019
	£	£
Associate	-	-
	-	-
	2020	2019
	£	£
At 1 April	-	117,088
Share of (loss)/profit retained by the associate	-	(117,088)
At 31 March	-	-

On 30 June 2015, the Company purchased 25% of the ordinary share capital of Advantage Biogas Limited, an entity incorporated in England & Wales whose principal activity is contract based servicing and maintenance of equipment in the Biomass industry.

On 12 February 2017, Tean Management Services Ltd (previously known as Iona EI (GP) Limited) issued three shares to Iona Environmental Infrastructure LP. As a result of the issue of shares the Company's holding in Tean Management Services Ltd ("TMS") was reduced from 100% to 25%. TMS is an entity incorporated in England & Wales whose principal activity is the management of Anaerobic Digestion plants.

On 30 September 2018 Advantage Biogas Limited bought TMS and the results presented above reflect the results of the combined entity.

The Group's share of loss of the associate in the year ended 31 March 2019 reduced the carrying value of the investment in associate to £nil at 31 March 2019 and therefore no further share of losses were recognised after that point. The Group will resume recognition of its share of profits only after the Group's share of profits equals the share of losses not recognised. At 31 March 2020, the Group's share of losses not recognised amounted to £191,440.

## Iona Capital Ltd

## Notes to the Financial Statements

## 8. Investments (continued)

## Parent Company

	Subsidiary undertakings	Associates	Other investments	Total
	£	£	£	£
At 1 April 2019	300	10,000	-	10,300
Addition	-	-	-	-
At 31 March 2020	300	10,000	-	10,300

	Country of incorporation	Proportion of capital held	Nature of business
<i>Subsidiaries</i>			
Iona EI (General Partner) LLP	England	99.5%	General partner to Iona Environmental Infrastructure LP
Iona EI (General Partner) 2 LLP	England	99.5%	General partner to Iona Environmental Infrastructure 2 LP
Iona NW (General Partner) LLP	England	99.5%	General partner to Iona North West Environmental Infrastructure LP
Iona EI (General Partner) 3 LLP	England	99.5%	General partner to Iona Environmental Infrastructure 3 LP
<i>Associate</i>			
Advantage Biogas Limited	England	25%	Provision of operation and maintenance contracts to Anaerobic Digestion plants

Each of the subsidiaries noted above share the same registered address as the Company, noted in note 1 on page 13.

Advantage Biogas Limited has a registered address of 6-8 Greenwood Road, Keytec 7 Business Park, Pershore, Worcestershire, England, WR10 2JL.

9. Debtors	Group		Parent Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by related parties	663,690	664,052	665,090	665,452
Trade debtors	1,097,341	801,913	1,097,341	801,913
Deferred charges	358,662	478,217	358,662	478,217
Corporation tax	39	334,617	-	334,577
Other debtors	284,431	98,785	284,431	98,785
Prepayments	171,483	42,246	171,483	42,246
	2,575,646	2,419,830	2,577,007	2,421,190

The deferred charges balance represents amounts paid to third parties in relation to capital raising for an investment vehicle managed by Company. It is being amortised over the remaining life of the investment vehicle, to 31 March 2023, which is the period revenues are contractually receivable by the Company.

## Iona Capital Ltd

## Notes to the Financial Statements

Included in amounts owed by related parties is a loan of £662,390 (2019: £624,960) granted to ICL (LP Funding) Limited. The loan is repayable the earlier of the: (1) the date falling five Business Days after the date of written demand by the Lender and (2) the Termination Date as defined in the facility Agreement, which is once the funds' investments have been realised. Interest is equal to the non-trading profits from loan relationships and related transactions which ICL (LP Funding) Limited would be required to bring into account for corporation tax purposes in respect of the applicable interest period and which is attributable to investments made in Iona Environmental Infrastructure LP, less £10,500.

10. Creditors: amounts falling due within one year	Group		Parent Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	214,515	120,664	214,515	120,664
Other creditors	161,345	-	-	-
Other taxes	58,798	59,229	58,798	59,229
Accruals	1,396,237	630,668	1,396,237	630,668
	<b>1,830,895</b>	<b>810,561</b>	<b>1,669,550</b>	<b>810,561</b>

## 11. Provisions for liabilities

Group and Company:	Deferred Tax	Dilapidations	Total
	£	£	£
At 1 April 2018	5,508	-	5,508
Charge in the year	321,087	54,000	375,087
At 31 March 2019 and 1 April 2019	<b>326,595</b>	<b>54,000</b>	<b>504,813</b>
Credit in the year	(269,575)	-	(269,575)
At 31 March 2019 and 1 April 2019	<b>57,020</b>	<b>54,000</b>	<b>111,020</b>

## 12. Called up share capital

Group and Company	2020	2019
	£	£
Allotted, called up and full paid:		
597,500 Ordinary shares of £1 each	<b>597,500</b>	<b>597,500</b>

## 13. Dividends

	2020	2019
	£	£
Declared and paid during the year:		
Interim for 2020: £0.502 (2019: £0.418)	<b>300,000</b>	<b>250,000</b>

# Iona Capital Ltd

## Notes to the Financial Statements

### 14. Notes to the statement of cash flows

#### (a) Reconciliation of profit to net cash flows from operating activities

	2020	2019
	£	£
Group (loss)/profit for the year	(94,413)	1,083,873
Adjustments to reconcile profit for the year to the net cash flow from operating activities		
Depreciation	87,154	29,085
Other income	(43,628)	-
Other interest	(38,127)	(39,607)
Share of losses in associate	-	117,088
(Increase) in debtors	(446,767)	(97,782)
Increase in creditors	1,020,335	577,919
<b>Taxation</b>		
Corporation tax received	157,240	-
	<b>736,207</b>	<b>586,703</b>
Net cash inflow from operating activities	<b>641,794</b>	<b>1,670,576</b>

#### (b) Cash and cash equivalents

	Group		Parent Company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and in hand	1,630,495	1,268,496	1,468,525	1,267,667
	<b>1,630,495</b>	<b>1,268,496</b>	<b>1,468,525</b>	<b>1,267,667</b>

### 15. Ultimate Controlling Company

The Company has no immediate or ultimate controlling party.

### 16. Related party transactions

Iona Environmental Infrastructure LP and Iona EI (SLP) LP are considered related parties due to Iona EI (General Partner) LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure LP of £1,240,266 (2019: £1,263,562) and incurred expenses of £159,140 (2019: £110,033) on its behalf. At 31 March 2020 the balance payable by Iona Environmental Infrastructure LP to the Group was £0 (2019: £6,249).

Iona Environmental Infrastructure 2 LP and Iona EI (SLP) 2 LP are considered related parties due to Iona EI (General Partner) 2 LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure 2 LP of £643,137 (2019: £661,763) and incurred expenses of £131,413 (2019: £71,860) on its behalf. At 31 March 2020, the balance payable by Iona Environmental Infrastructure 2 LP to the Group was £0 (2019: £6,781).

Iona North West Environmental Infrastructure LP is considered a related party due to Iona NW (General Partner) LLP, a 100% subsidiary of the Company, acting as General Partner to the partnership.

## Iona Capital Ltd

## Notes to the Financial Statements

## 16. Related party transactions (continued)

During the year the Group received income relating to services provided to Iona North West Environmental Infrastructure LP of £391,232 (2019: £346,077) and incurred expenses of £67,110 (2019: £38,562) on its behalf. At 31 March 2020, the balance payable by Iona North West Environmental Infrastructure LP to the Group was £0 (2019: £3,033).

Iona Environmental Infrastructure 3 LP and Iona EI (SLP) 3 LP are considered related parties due to Iona EI (General Partner) 3 LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure 3 LP of £386,073 (2019: £1,017,123) and incurred expenses of £345,397 (2019: £892,946) on its behalf. At 31 March 2020, the balance payable by Iona Environmental Infrastructure 3 LP to the Group was £0 (2019: £21,274).

ICL (LP Funding) Limited is a related party to the Company as it is considered to be under common control. During the year the Company lent ICL (LP Funding) Limited £1,500 (2019: £1,500), and charged interest of on the loan of £35,930 (2019: £34,115). As at 31 March 2020, £662,390 (2019: £624,960) was due from ICL (Funding) Limited.

During the year the Group incurred expenses of £nil (2019: £nil) on behalf of Iona EI (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2020, £600 (2019: £600) is due from Iona EI (SLP) LP.

During the year the Group incurred expenses of £nil (2019: £nil) on behalf of Iona EI (SLP) II LP; two of the Directors are limited partners of the partnership. As at 31 March 2020, £200 (2019: £200) is due from Iona EI (SLP) II LP.

During the year the Group incurred expenses of £nil (2019: £nil) on behalf of Iona NW (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2020, £200 (2019: £200) is due from Iona NW (SLP) LP.

During the year the Group incurred expenses of £nil (2019: £nil) on behalf of Iona EI (SLP) III LP; two of the Directors are limited partners of the partnership. As at 31 March 2020, £300 (2019: £300) is due from Iona EI (SLP) III LP.

## Key Management

All Directors are considered to be key management personnel. Total remuneration in respect of the Directors is disclosed in Note 4.

## 17. Commitments and contingent liabilities

On 29 January 2019, the Company entered into a lease agreement for its offices at 123 Pall Mall, London, SW1Y 5EA. This lease is due to expire on 29 January 2024.

	2020	2019
	£	£
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	210,840	81,752
Later than one year and not later than five years	623,014	860,000
Total	833,854	941,752

## 18. Subsequent events

As detailed in note 1 on page 13, the Directors are actively monitoring the effects of the COVID-19 which remain uncertain subsequent to the year end and have considered its effect on the Group's risk exposure and ability of the Group and Company to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.