CDC Nepal Opportunities Limited
Annual Report and Financial Statements
Year ended 31 December 2020

Company Number: 03830169

Contents

Directors' Report

The directors are pleased to present their report together with the audited financial statements of the Company for the period ended 31 December 2020.

Directors

Jane Earl	Appointed 19 June 2017
Christopher Coles	Appointed 11 January 2019, resigned 29 January 2021
Colin Buckley	Appointed 10 September 2019
Carolyn Sims	Appointed 5 October 2020

Principal activity
The principal activity of the Company is that of an investment company, investing in emerging markets.

Business and performance review
The Company recorded a net profit of US$1,413,165 for the year ended 31 December 2020 (2019: Net loss of US$147,519). The net asset value of the Company was US$1,245,646 at 31 December 2020 (2019: US$147,516 net liability value).

Proposed dividend
The directors do not recommend payment of a dividend for the year.

Financial statements
The Statement of directors' Responsibilities is shown separately.
Notes 9 and 10 to the financial statements includes the Company's policies and processes for managing its financial risk, details of its financial instruments and hedging activities and its exposures to credit and liquidity risk. The directors believe that the Group is well placed to manage its business risks successfully. The Company is exempt from preparing a strategic report.

Going Concern
The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for at least the next 12 months. There is a loan agreement in place with its parent, CDC Group plc which is repayable on demand. The directors have considered the Company's position and note that current assets are less than the current liabilities even when excluding the inter-company payables and therefore relies on CDC Group plc to cover any ongoing expenses. *These conditions indicate there is a material uncertainty that may cast significant doubt on the* Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

CDC Group plc has issued a letter of support which confirms that CDC Group plc will only request repayment of the loan provided that the Company has sufficient liquid resources to do so. Further to this, the letter of support also confirms that CDC Group plc will cover any ongoing expenses incurred by the Company. Whilst the letter of support is not a legal contract, the directors have full confidence that CDC Group plc will continue to support the Company.

The coronavirus (COVID-19) pandemic continues to cause extensive disruptions to businesses and economic activities globally. Whilst the impact of the pandemic is now known, uncertainties remain over the effectiveness and speed of the vaccination roll-out, which may continue to cause market volatility on a global scale. In assessing the going concern status of the Company, the directors and the Investment Advisor have closely monitored the impact on the Company's investment portfolios throughout the year and has considered the cashflow forecasts of the ultimate parent company, CDC Group plc. Current forecast demonstrate that the Group has sufficient liquid resources available to maintain planned investment pace until the end of 2023 without needing to draw on the revolving credit facility.

The directors have also considered the implication of Brexit and have concluded that the primary direct risk of the UK's exit from the EU is not material to the Company, given its investments are primarily carried out outside of the EU. After taking the above issues into consideration, the directors consider the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Refer to note 12 for further information.

Subsequent events
There have been no material events since the reporting period that would require adjustment to these financial statements, refer to note 12 for detailed note.

Principal risks
The Company invests in developing countries. The Company values its portfolio according to the valuation methodology described in note 11 to the accounts. Investments are valued at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Valuation risks are mitigated by comprehensive reviews of the application of the valuation methodology. For further detail on other risks affecting the entity refer to note 10.

Disclosure of information to auditor
So far as each Director is aware at the date of approval of this report, there is no relevant audit information of which the Company's auditor is unaware and each Director confirms that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Each Director benefits from an indemnity which includes provisions in relation to duties as a Director of the Company or an associated company and protection against derivative actions.

Appointment of auditor
In with Section 485 of the Companies Act 2006, a resolution proposing the continuing appointment of Deloitte LLP as the Company's auditor will be put the members of the Company, following which, in accordance with Section 487, Deloitte will be deemed to be reappointed and will therefore continue in office for the following year.

Approved by the Board of directors on 1 June 2021 and signed on behalf of the Board on 1 June 2021.

Matthew Purkis, Company Secretary

Statement of Directors Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of CDC Nepal Opportunities Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of CDC Nepal Opportunities Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law, and IFRS as issued by the IASB.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to note 1 in the financial statements, which indicates that the company's current assets are less than the current liabilities even when excluding the inter-company payables and therefore it relies on CDC Group plc to cover any ongoing expenses. As stated in note 1, these events or conditions along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual accounts. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the members of CDC Nepal Opportunities Limited

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Anti-Bribery and Corruption Act, the Equality Act, and Senior Manager Certification Regime.

We discussed among the audit engagement team including relevant internal specialists such as valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area and our specific procedures performed to address it are described below:

- Valuation of investments - with the assistance of our valuation specialists we have assessed significant unobservable inputs by challenging the management around the valuation's key inputs and assumptions, whilst performing selected retrospective analysis on forecasts to assess for management bias.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor's Report to the members of CDC Nepal Opportunities Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Yasir Aziz ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
1 June 2021

Statement of Financial Position

As at 31 December 2020

	Notes	2020 US$	2019 US$
Assets			
Non-current assets			
Equity Investments	2	**13,704,026**	11,836,953
		13,704,026	11,836,953
Current assets			
Cash and cash equivalents		**4,519**	1,420
Amounts due from parent company	7	**-**	-
		4,519	1,420
Total assets		**13,708,545**	11,838,373
Equity and liabilities			
Shareholders' equity			
Issued capital	3	**3**	3
Accumulated deficit		**1,265,646**	(147,519)
		1,265,649	(147,516)
Non-current liabilities			
Deferred tax liability	4	**433,879**	-
		433,879	-
Current liabilities			
Amounts due to parent company	7	**11,989,682**	11,970,000
Other payables	5	**19,335**	15,889
		12,009,018	11,985,889
Total liabilities		**12,442,897**	11,985,889
Total equity and liabilities		**13,708,545**	11,838,373

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

The accounts were approved by the members of the Board on 1 June 2021 and were signed on their behalf by:

Carolyn Sims
Director

Registered in England No 03830169

Statement of Comprehensive Income

For the 12 months to 31 December 2020

	Notes	2020 Total US$	2019 Total US$
Fair value gains	2	**1,867,073**	(131,557)
Administrative and other expenses	6	**(19,487)**	(15,962)
Income/(expense) from operations before tax and finance costs		**1,847,586**	(147,519)
Finance income		**-**	-
Net foreign exchange differences		**(542)**	-
Income/(expense) from operations before tax		**1,847,044**	(147,519)
Corporation tax charge	4	**(433,879)**	-
Total comprehensive income/(expense) for the year		**1,413,165**	(147,519)

All the above items are derived from continuing operations.

The Company has no items of other comprehensive income or expenses for the current year or the previous year.

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

Statement of Cash Flows

For the 12 months to 31 December 2020

	Notes	2020 US$	2019 US$
Cash flows from operating activities			
Income/(expense) from operations before tax		**1,847,044**	(147,519)
Changes in value of equity investments	2	**(1,867,073)**	131,557
Foreign exchange movements		**542**	-
Expense from operations before changes in working capital		**(19,487)**	(15,962)
Change in other receivables		**-**	-
Change in amounts due from/to parent company		**19,682**	3
Change in other payables		**3,446**	15,889
Cash flows from operating activities		**3,641**	(70)
Cash flows from investing activities			
Acquisition of equity investments	2	**-**	(11,968,510)
Cash flows from investing activities		**-**	(11,968,510)
Cash flows from financing activities			
Loan advances from the parent company	7	**-**	11,970,000
Cash flows from financing activities		**-**	11,970,000
Net increase in cash and cash equivalents		**3,641**	1,420
Cash and cash equivalents at 1 January		**1,420**	
Effect of exchange rate fluctuations on cash held		**(542)**	-
Cash and cash equivalents at 31 December		**4,519**	1,420

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

Statement of Changes in Equity

	Share capital US$	Accumulated Income/ (deficit) US$	Total US$
At 31 December 2018 (unaudited)	3	-	3
Changes in equity for 2019			
Total comprehensive expense for the year	**-**	**(147,519)**	**(147,519)**
At 31 December 2019	**3**	**(147,519)**	**(147,516)**
Changes in equity for 2020			
Total comprehensive income for the year	**-**	**1,413,165**	**1,413,165**
At 31 December 2020	**3**	**1,265,646**	**1,265,649**

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

Notes to the Accounts

Continued

1. Corporate information and accounts preparation

Corporate information

The financial statements of CDC Nepal Opportunities Limited (the Company) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 1 June 2021. CDC Nepal Opportunities Limited is a limited company incorporated in England and Wales, limited by shares. It is a wholly owned subsidiary of CDC Group plc, a public limited company incorporated in England and Wales. CDC Group plc acts as the intermediate parent company and its financial statements are publicly available. Following the merger of DFID and the Foreign and Commonwealth office in September 2020, the ultimate parent of the Company became the Secretary of State for Foreign, Commonwealth and Development Affairs with effect on 30 September 2020.

The Company's registered office is located at 123 Victoria Street, London SW1E 6DE, England.

The Company changed its name from CDC Funds Management Limited to CDC Nepal Opportunities Limited on 16 January 2019. The principal activity of the Company is that of an investment company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and as adopted by the EU.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial instruments that have been presented and measured at fair value in accordance with relevant accounting standards. The financial statements are presented on a going concern basis.

The financial statements are presented in US Dollars, which is also the Company's functional currency. Assets and liabilities are retranslated at spot rates at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of assets and liabilities denominated in foreign currencies at the year-end exchange rate are recognised in the statement of comprehensive income.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. The area on which the most significant estimates and judgements are made is on the fair value of equity investments. The Company's fair value methodology for equity investments is disclosed in note 11.

A summary of the significant accounting policies can be found in note 11.

Going concern

The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for at least the next 12 months. There is a loan agreement in place with its parent, CDC Group plc which is repayable on demand. The directors have considered the Company's position and note that current assets are less than the current liabilities even when excluding the inter-company payables and therefore relies on CDC Group plc to cover any ongoing expenses. These conditions indicate there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

CDC Group plc has issued a letter of support which confirms that CDC Group plc will only request repayment of the loan provided that the Company has sufficient liquid resources to do so. Further to this, the letter of support also confirms that CDC Group plc will cover any ongoing expenses incurred by the Company. Whilst the letter of support is not a legal contract, the directors have full confidence that CDC Group plc will continue to support the Company.

The coronavirus (COVID-19) pandemic continues to cause extensive disruptions to businesses and economic activities globally. Whilst the impact of the pandemic is now known, uncertainties remain over the effectiveness and speed of the vaccination roll-out, which may continue to cause market volatility on a global scale. In assessing the going concern status of the Company, the directors and the Investment Advisor have closely monitored the impact on the Company's investment portfolios throughout the year and has considered the cashflow forecasts of the ultimate parent company, CDC Group plc. Current forecast demonstrate that the Group has sufficient liquid resources available to maintain planned investment pace until the end of 2023 without needing to draw on the revolving credit facility.

The directors have also considered the implication of Brexit and have concluded that the primary direct risk of the UK's exit from the EU is not material to the Company, given its investments are primarily carried out outside of the EU. After taking the above issues into consideration, the directors consider the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Notes to the Accounts

Continued

2. Equity investments

	2020 Unlisted Shares US$	2019 Unlisted Shares US$
At 1 January, at fair value	**11,836,953**	-
Additions	-	11,968,510
Increase/(decrease) in fair value for the year	**1,867,073**	(131,557)
At 31 December, at fair value	**13,704,026**	11,836,953

Unlisted shares are included within Level 3 of the fair value hierarchy, The Company holds no Level 1 or Level 2 equity investments. There have been no transfers between levels during the year.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Company's fair value methodology for equity investments is disclosed note in 11.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents additional information about valuation methodologies used for investments which have real subjective inputs that are measured at fair value and categorized within Level 3 as at 31 December 2020. In addition to the techniques and inputs noted in the table below, according to the valuation policy other valuation techniques and methodologies may be used when determining fair value measurements. The table below is not intended to be all-inclusive, but rather provides information on the significant Level 3 inputs as they relate to fair value measurements. The table provides an analysis of the most judgmental fair value which is determined using multiples approach.

Description	Fair value at 31 Dec 2020 USD$M	Valuation Technique	Unobservable Inputs	Median input	Reasonable possible shift +/- (absolute value)	Change in Valuation +/- USD $M
Global Equity Securities	13.7	Price/Sales Multiple	EBITDA Multiple	8.5x	18.5%	2.6

Notes to the Accounts

Continued

3. Issued capital

	2020 No. of shares	2019 No. of shares
Issued capital		
2 Ordinary shares of Sterling £1 each	**2**	2

	2020 No. of shares	2020 US$	2019 No. of shares	2019 US$
Allotted, called up and fully paid Ordinary shares				
At 1 January, Ordinary shares of Sterling £1 each	**2**	**3**	2	3
Issued Ordinary shares of Sterling £1 each	**-**	**-**	-	-
At 31 December, Ordinary shares of Sterling £1 each	**2**	**3**	2	3

4. Corporation tax

	2020 US$	2019 US$
Current tax		
Current UK tax charge/(credit)	**-**	-
Prior year charge/(credit)	**-**	-
Deferred tax		
Overseas deferred tax charge/(credit)	**433,879**	-
Total	**433,879**	-

The UK Corporation tax is reconciled as follows:

	2020 US$	2019 US$
Income/(Expense) before tax	**1,847,044**	(147,519)
@19%	**350,938**	(28,029)
Non-taxable/deductible fair value movements	**(354,744)**	24,996
Overseas deferred tax	**433,879**	-
Group relief (received)/surrendered for nil consideration	**3,806**	3,033
Effective tax rate for the year	**433,879**	-

We note that The Chancellor announced in the recent UK Budget an increase in the UK corporation tax rate from 19 to 25 percent which is due to take effect from 1 April 2023. This change is currently drafted in section 6 of Finance (No.2) Bill 2021. However as of the date of filing, this legislative change has not been substantively enacted and therefore not reflected in our income tax balances for the period ended 31 December 2020.

5. Other payables

	2020 US$	2019 US$
Auditor's remuneration	**17,224**	15,889
Other payables	**2,111**	-
Total other payables	**19,335**	15,889

Notes to the Accounts

Continued

6. Administrative and other expenses

	2020 US$	2019 US$
Auditor's remuneration	**17,375**	15,889
Professional expenses	**2,112**	-
Other expenses	**-**	73
Total administrative and other expenses	**19,487**	15,962

Audit remuneration is for the auditing of financial statements. The Company has no employees and no related staff costs and the directors did not receive any emoluments in respect of services to the company.

7. Amounts due from/to parent company

	2020 US$	2019 US$
Loan due to CDC Group plc	**(11,970,000)**	(11,970,000)
Current account payable to CDC Group plc	**(19,682)**	-
Total amounts due to parent company	**(11,989,682)**	(11,970,000)

The loan is non-interest bearing, repayable on demand, subject to the Company having sufficient liquid assets to meet such demand.

The loan will allow funds to flow down when needed to the Company and back up to CDC Group plc when the Company receives distributions from the investments.

8. Related party transactions

During the year, the Company entered into transactions with its parent company, all of which were carried out on an arm's length basis.

The transactions entered into and trading balances outstanding at 31 December were as follows:

	2020 US$	2019 US$
Statement of financial position		
Amounts due from parent company	**-**	-
Amounts due to parent company	**(11,989,682)**	(11,970,000)

9. Financial instruments

The Company's principal financial assets (as defined in IFRS 7) comprise equity investments and amounts due from parent company. Financial liabilities comprise amounts due to parent company.

Liquidity risk

The following tables show the maturity profile of the Company's financial assets and liabilities other than equity investments:

Financial assets: Maturity profile	2020 Amounts owed to parent company US$	2019 Amounts owed to parent company US$
Due within one year	**-**	-
Due after five years	**-**	-
Total	**-**	-

Notes to the Accounts

Continued

9. Financial instruments (Continued)

Financial liabilities: Maturity profile	2020 Amounts owed to parent company US$	2019 Amounts owed to parent company US$
Due within one year	**11,989,682**	11,970,000
Due after five years	**-**	-
Total	**11,989,682**	11,970,000

The Company does not net off contractual amounts of financial assets and liabilities.

Fair value of financial assets and liabilities
Financial assets
There is no material difference between the fair value and the book value of the Company's cash.

Financial liabilities
There is no material difference between the fair value and the book value of the Company's amounts payable to parent company.

10. Financial risk management

The Company's activities expose them to a variety of financial risks including market risk, credit risk and liquidity risk. Market risk includes foreign currency risk, interest rate risk and price risk. The main financial risks managed by the Company are equity price risk, liquidity risk and credit risk. The Company do not undertake any trading activity in financial instruments.

Liquidity risk
Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company has minimised its illiquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity through its parent. The Company's capital commitments including long-term commitments were US$ Nil (2019: US$ Nil).

Credit risk
Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

	Notes	2020 US$	2019 US$
Equity investments	2	**13,704,026**	11,836,953
Cash and cash equivalents		**4,519**	1,420
Amounts due from parent company	7	**-**	-
Total		**13,708,545**	11,838,373

The Company's policy is to recognise an impairment loss when objective evidence exists that the estimated future cash flows of the asset have decreased and that this decrease can be reliably estimated. Several factors are considered when identifying indicators of impairment including breach of contract or financial difficulties being experienced by the obligor. Based on historical trends the Company believes no impairment allowance is necessary in respect of financial assets not past due.

Credit risk on the Company's cash balances is mitigated as the Company transact with institutions with high credit ratings. If possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by Moody's of A2 or above.

Market risk
Foreign currency risk
Exposure to currency risk arises in the normal course of the Company's activities. The company has exposure to the Nepalese rupee that gives rise to foreign exchange gains and losses recognised in the statement of comprehensive income and expense. The company's exposure to the Nepalese rupee at 31 December 2020 is US$13,704,026 (2019: US$11,836,953).

In preparing the sensitivity analysis a movement of 10% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 10% change in the fair value in the average exchange rate for Nepalese rupee against US dollar would impact the Company's profit by US$1,370,403 (2019: US$1,183,695).

Notes to the Accounts

Continued

10. Financial risk management (continued)

Equity price risk
Equity investment are valued in accordance with CDC valuation methodology and included in the financial statements at fair value, with gains and losses being taken to the statement of comprehensive income.

A 10% change in the fair value of the Company's equity investment, based on reasonable possible change based on expected volatility of the Nepalese rupee currency, would impact the Company's loss by US$1,370,402 (2019: US$1,183,695).

Valuation risk
The Company values its portfolio according to CDC valuation methodology. CDC valuation guidelines have been developed in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments are valued at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants given current market conditions at the measurement date. The detailed valuation methodology sets out best practice with respect to valuing investments. Valuation risks are mitigated by comprehensive reviews of underlying investments in the private equity funds and direct investments carried out by the managers of the private equity funds at least twice a year. These valuations are reviewed by CDC management and then considered by the Audit, Compliance and Risk Committee. The details of the valuation methodology are given in note 11 to the accounts under the Investments heading.

Capital management
CDC considers its capital to be the total equity shown in statement of changes of equity. The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the Company's businesses.
- the entity is not subject to any externally imposed capital requirements.

The Board monitors the results of the Company and its financial position.

11. Summary of significant accounting policies

Non-current assets
Investments
The Company classify their equity investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition. Financial instruments are designated as fair value through profit and loss (FVTPL) because the fair value of the investment portfolio is a key performance indicator for the Company.

Financial assets at fair value through profit and loss
These financial assets are designated as assets held at fair value through profit and loss by management at the date of inception. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

The Company's fair value methodology has been derived using the International Private Equity and Venture Capital Valuation Guidelines, updated in December 2018. This methodology is applied to direct investments and investments held within funds. The approach to calculating the fair value is as follows:

- the enterprise value is determined for the investee company or fund using a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable assumptions and estimates;
- the enterprise value is adjusted for surplus assets or liabilities or any other relevant factor;
- higher ranking financial instruments are deducted taking into account any financial structuring that may dilute the investment holding;
- the net attributable enterprise value is apportioned between the financial instruments held according to their ranking; and
- the amounts derived are allocated according to the holding in each financial instrument, representing their fair value.

Valuation methodologies used are as follows:

- investments where fair value derives mainly from the underlying assets, such as funds managed by fund managers, are valued at net asset value using appropriate valuation measures for the underlying assets and liabilities;

Notes to the Accounts

Continued

11. Summary of significant accounting policies (continued)

- quoted equity is normally valued at the quoted share price. However, in certain circumstances the quoted price may be considered to not represent fair value for example: shares are closely held by related parties; the shares are very thinly traded and small trades lead to excessive volatility in quoted price; or substantial transactions occur at a price that is not the quoted price. Where this is considered the situation, an appropriate alternative methodology is used;
- realisations in process are valued at the expected realisation proceeds, although discounts are applied to reflect the level of certainty of the transaction completion;
- if there has been a recent investment in the company, the price of the recent investment, less any impairment charge, is considered to determine fair value;
- early stage companies without positive cash flow or profit are valued using an appropriate industry benchmark if that gives a reliable estimate of fair value;
- companies with maintainable profits or cash flows are valued on an earnings basis using an appropriate earnings multiple from companies in similar sectors and markets;
- companies in industries with specific valuation metrics are valued using those specific valuation metrics where they provide the most reliable estimate of fair value;
- companies with no maintainable profits or cash flows at present, but whose cash flows can be forecast with confidence, are valued using future cash flows discounted at the appropriate risk-adjusted discount rate; and
- in exceptional cases, where fair value cannot be reliably measured, the investment is valued at the previous carrying value unless there is evidence of value impairment, in which case value is reduced to reflect the extent of estimated impairment.

Gains and losses realised on disposal or redemption, by reference to the valuation at the previous statement of financial position date and unrealised gains and losses from changes in the fair values of the equity portfolio are taken to the statement of comprehensive income.

The Company uses settlement date accounting when accounting for regular purchases or sales. When the Company becomes party to a sales contract of an equity investment, it de-recognises the asset on the day ownership is transferred. Any gains or losses arising on purchases between trade and settlement date are accounted for in the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Financial liabilities
Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, contractual obligations, to deliver cash or another financial asset to another entity are measured at amortised cost using the effective interest method.

Provisions, contingent liabilities and contingent assets
Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Income
Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Taxation
Income tax expense comprises current and deferred tax. Current tax is recognised as income or expense and is included in the net profit for the year, unless it relates to a transaction or event which is recognised directly in equity, whereupon the current tax is charged or credited to equity accordingly.

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting Company and relate to the same tax authority and when the legal right to offset exists. Current and deferred taxes are recognised as a tax credit or expense in the year in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

Notes to the Accounts

Continued

11. Summary of significant accounting policies (continued)

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Critical accounting judgments
The preparation of financial statements in accordance with IFRS requires management to exercise judgment in applying relevant accounting policies. The key area involving a higher degree of judgment or complexity, or areas where assumptions are significant to the individual financial statements, is the application of the going concern assumption and the determination of fair value of financial assets. Please refer to note 2 for more detail.

Sources of estimation uncertainty
The preparation of financial statements in accordance with IFRS requires the use of estimates. The key accounting estimates are the carrying value of our investment assets, which are stated at fair value. Asset valuations for unquoted investments are inherently subjective, as they are made on the basis of assumptions which may not prove to be accurate such as discount rates and assumptions in expected cash flows. A sensitivity analysis is provided in note 2.

New and revised IFRS Standards in issue but not yet effective
The accounting policies set out in these financial statements have been applied consistently to all periods presented.

The following standards are issued but not yet effective and have not been applied to these financial statements. The Company intends to adopt these standards when they become effective. These are not expected to have a material impact on the Company's financial statements:

- IFRS 17: Insurance Contracts; IFRS 17 applies to all types of insurance contracts regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard is currently effective from 1 January 2021 and has not yet been endorsed by the EU. CDC Group will assess the expected impact of adopting this standard and it is expected not to have any material impact to the Group.
- Amendments to IFRS 3 Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 1 Classification of liabilities as Current or Non-Current.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Annual Improvements to IFRS Standards 2018-2020 Cycle

12. Subsequent Events

There have been no material events since the reporting period that would require adjustment to these financial statements. Events after the reporting period that would require adjustment to these financial statements are those that provide evidence of conditions that existed at 31 December 2020. Events after the reporting period that are indicative of conditions that arose after the reporting period do not lead to adjustment of the financial statements but are disclosed in the event that they are material.

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. Any future gains/losses associated with the quarterly valuations will be recognised in the 2021 financial statements. At present the extent of these potential losses cannot be reliably estimated.

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