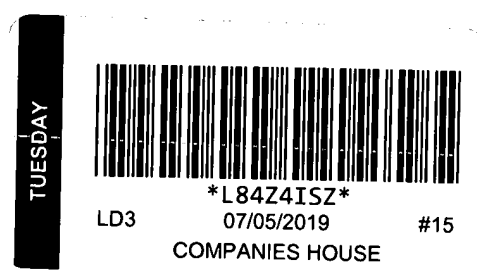


Company Registration No. 07740692

**MIROVA NATURAL CAPITAL LIMITED**  
**(formerly known as ECOSPHERE CAPITAL LIMITED)**

**Annual Report and Audited Consolidated Financial Statements**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Christian del Valle  
Sylvain Goupille  
Raphael Lance (appointed 13 March 2018)  
Anne-Laurence Roucher (appointed 13 March 2018)  
Philippe Zaouati (appointed 13 March 2018)

**Registered Number: 07740692**

#### **Registered Office**

18 St. Swithin's Lane  
London  
EC4N 8AD

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London  
Riverside  
London  
SE1 2RT

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **STRATEGIC REPORT**

The Directors present their strategic report on the affairs of Mirova Natural Capital Limited, formerly known as Ecosphere Capital Limited, (the "Company") and its subsidiaries (collectively, the "Group") together with the audited annual consolidated financial statements for the year ended 31 December 2018.

### **INCORPORATION**

The Company was incorporated in England and Wales on 15 August 2011 as a private company limited by shares and has its registered address at 18 St. Swithin's Lane, London, EC4N 8AD.

### **PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS**

The main activity of the Company is to act as parent company and investment advisor to the Althelia Group.

On 2 July 2018, the Company became authorised by the Financial Conduct Authority, under Alternative Investment Fund Managers Directive ("AIFMD"), as a Collective Portfolio Management Investment ("CPMI") firm.

The Company is ultimately controlled by Mirova S.A. who owns exercises 51% of the voting rights over the Company's operations. Mirova S.A. is 100% owned by Ostrum Asset Management, formerly known as Natixis Asset Management.

In May 2018, the Company set up Sustainable Ocean Fund GP S.à.r.l. ("SOF GP"), a fully owned subsidiary in Luxembourg, whose main activity is General Partner of Althelia Sustainable Ocean Fund S.C.A SICAV-SIF ("ASOF").

During 2018, as ASOF is launched, the Company's percentage shareholding in ASOF reduced considerably and is hence treated as an investment. Therefore, ASOF was deconsolidated from the Group as of 29 June 2018.

Following the decision of the Directors, Ecosphere Capital Partners LLP ("ECP"), a wholly owned subsidiary of the Company, went into voluntary liquidation on 7 June 2018 as part of the rationalisation of the group structure. In anticipation of this re-structure, ECP businesses were gradually transferred over to the Company.

The loss for the financial year of the Group attributable to equity holders from operations during the year ended 31 December 2018 amounted to £946,861 (2017: £899,810).

Principal risks and uncertainties are considered in the Report of the Directors.

As at 31 December 2018 no dividend payment (2017: £nil) had been made to the Company's shareholders and no shares had been repurchased.

### **FUTURE DEVELOPMENTS**

The Directors are continually exploring opportunities to further develop their investment advisory businesses through various projects.

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **STRATEGIC REPORT (CONTINUED)**

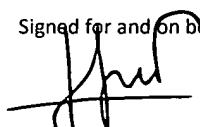
#### **KEY PERFORMANCE INDICATORS**

Some of the key indicators are the ability of the Group to be well capitalised, to be solvent and to be able to meet its current obligations as they fall due as measured below.

Key performance indicators for the Group are:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Total assets value of the Group	13,667,648	13,639,064
Net assets value of the Group	10,877,422	11,264,502
Net current liabilities of the Group	(29,958)	(406,841)
Operating loss	(1,154,810)	(580,428)

Signed for and on behalf of the Board

  
Sylvain Goupille  
Director

Date: 18 April 2019

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **REPORT OF THE DIRECTORS**

The Directors of Mirova Natural Capital Limited, formerly known as Ecosphere Capital Limited, present their annual report and audited annual consolidated financial statements for the year ended 31 December 2018.

#### **SIGNIFICANT EVENTS DURING THE YEAR**

In May 2018, the Company set up Sustainable Ocean Fund GP S.à.r.l., a fully owned subsidiary in Luxembourg, whose main activity is General Partner of Althelia Sustainable Ocean Fund S.C.A SICAV-SIF.

During 2018, as ASOF is launched, the Company's percentage shareholding in ASOF reduced considerably and is treated as an investment. Therefore, ASOF was deconsolidated from the Group as of 29 June 2018.

Following a decision of the Directors, Ecosphere Capital Partners LLP went into voluntary liquidation in 7 June 2018.

On 21 September 2018, the Company changed its name from Ecosphere Capital Limited to Mirova Natural Capital Limited.

#### **SUMMARY OF THE GROUP'S ACTIVITIES FOR THE YEAR**

At the reporting date, the Group had a net asset value of £10,877,422 (2017: £11,264,502). The loss for the financial year of the Group, attributable to equity holding from operations during the year ended 31 December 2018 amounted to £946,861 (2017: £899,810). The operating loss of the Group for the year was £1,154,810 (2017: £580,428).

The results for the year are set out in the consolidated statement of comprehensive income on page 13 of these financial statements. The Directors do not recommend a dividend for the year ended 2018.

The future developments are presented in the Strategic Report on page 3.

#### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company during the year and at the date of approval of these financial statements are noted on page 2.

Through their respective companies, Sylvain Goupille and Christian del Valle hold 49% of the voting shares of the Company.

#### **GOING CONCERN**

The Directors have made enquiries and having considered the current economic climate at the time of approving the financial statements, as well as the expected working capital requirements that the Group will have for the coming year, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

#### **POLITICAL DONATIONS**

The Group made no political donations during the year (2017: £nil).

#### **EXISTENCE OF BRANCHES OUTSIDE OF THE UNITED KINGDOM**

The Group has a branch in Paris, France.

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties faced by the Company and its subsidiaries are managed by the Directors at each entity level. The significant risks to the Group are the loss of the management contract for the environmental funds decreasing the value of the intangible asset and the liquidity risks. To manage these risks, the Group actively looks into new opportunities for additional contracts and has solid management contract clauses and has also increased its capital by £540,000 during the year to cover any liquidity issue.

Certain estimates in the consolidated financial statements are based wholly or in part on estimates or assumptions made by the Directors, taking into consideration current market and economic conditions. These have been described in further detail in note 4 of the consolidated financial statements.

The Company's financial risk management objectives and policies are set out in note 6(c).

#### **EVENTS AFTER THE REPORTING DATE**

There have been no significant events affecting the Group since the year end.

#### **INDEPENDENT AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP have been appointed as the auditors of the Company.

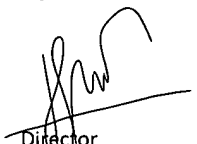
#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who held office at the date of approval of this Report of the Directors confirm that:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Relevant audit information is defined as information needed by the Group's and Company's auditors in connection with preparing their report.

Signed for and on behalf of the Board



Director  
Sylvain Goupille

Date: 18 April 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and Company 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors 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.

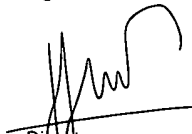
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**DIRECTORS' CONFIRMATIONS**

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Signed for and on behalf of the Board



Director  
Sylvain Goupille

Date: 18 April 2019



## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **Opinion**

In our opinion, Mirova Natural Capital Limited's (formerly known as Ecosphere Capital Limited) Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and Company statements' of financial position as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated and Company statements' of cash flows, and the consolidated and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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 and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA NATURAL CAPITAL LIMITED  
(formerly known as ECOSPHERE CAPITAL LIMITED) (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Report of the Directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the Directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 7, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED) (CONTINUED)**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

##### *Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **OTHER REQUIRED REPORTING**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.



Peter Venables (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date: 18 April 2019

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

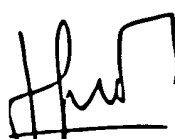
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Assets</b>			
Goodwill	12	9,441,766	9,441,766
Other intangible assets	12	2,481,201	3,473,681
Property, plant and equipment	13	16,638	12,081
Other financial assets	14	278,622	107,440
<b>Non-current assets</b>		<b>12,218,227</b>	<b>13,034,968</b>
Trade and other receivables	15	372,402	66,804
Prepayments		25,293	203,748
Cash and cash equivalents	16	1,051,726	333,544
<b>Current assets</b>		<b>1,449,421</b>	<b>604,096</b>
<b>Total assets</b>		<b>13,667,648</b>	<b>13,639,064</b>
<b>Equity</b>			
Share capital	17	12,780,851	12,240,891
Translation reserve		26,594	6,773
Accumulated losses		(1,930,023)	(983,162)
<b>Equity attributable to owners of the Company</b>		<b>10,877,422</b>	<b>11,264,502</b>
<b>Liabilities</b>			
Loans and borrowings	18	889,041	773,099
Deferred tax liabilities	11	421,806	590,526
<b>Non-current liabilities</b>		<b>1,310,847</b>	<b>1,363,625</b>
Trade and other payables	19	1,479,379	1,010,937
<b>Current liabilities</b>		<b>1,479,379</b>	<b>1,010,937</b>
<b>Total liabilities</b>		<b>2,790,226</b>	<b>2,374,562</b>
<b>Total liabilities and equity</b>		<b>13,667,648</b>	<b>13,639,064</b>

Company Registration No. 07740692 (England and Wales)

The consolidated financial statements on pages 11 to 56 were approved and authorised by the Directors of the Group on 18 April 2019 and were signed on its behalf by:

  
 Director  
 Rhain Goullie

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Assets</b>			
Property, plant and equipment	13	16,638	1
Other financial assets	14	12,308,048	12,154,238
<b>Non-current assets</b>		<u>12,324,686</u>	<u>12,154,239</u>
Trade and other receivables	15	211,619	124,121
Prepayments		25,293	13,774
Cash and cash equivalents	16	741,030	42,209
<b>Current assets</b>		<u>977,942</u>	<u>180,104</u>
<b>Total assets</b>		<u><b>13,302,628</b></u>	<u><b>12,334,343</b></u>
<b>Equity</b>			
Share capital	17	12,780,851	12,240,891
Accumulated losses		(900,555)	(569,769)
<b>Total equity</b>		<u>11,880,296</u>	<u>11,671,122</u>
<b>Liabilities</b>			
Loans and borrowings	18	472,611	102,101
<b>Non-current liabilities</b>		<u>472,611</u>	<u>102,101</u>
Trade and other payables	19	949,721	561,120
<b>Current liabilities</b>		<u>949,721</u>	<u>561,120</u>
<b>Total liabilities</b>		<u>1,422,332</u>	<u>663,221</u>
<b>Total liabilities and equity</b>		<u><b>13,302,628</b></u>	<u><b>12,334,343</b></u>

Company Registration No. 07740692 (England and Wales)

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Revenue	7	2,324,921	1,567,262
<b>Gross profit</b>		<b>2,324,921</b>	<b>1,567,262</b>
Administrative expenses	8	(3,627,093)	(2,148,619)
Other expenses	14	(56,188)	-
Profit on disposal of fixed assets		203,550	929
<b>Operating loss</b>		<b>(1,154,810)</b>	<b>(580,428)</b>
Finance income		1,079	-
Finance costs		(12,871)	(16,915)
Net finance costs	9	(11,792)	(16,915)
<b>Loss on ordinary activities before taxation</b>		<b>(1,166,602)</b>	<b>(597,343)</b>
Tax credit	11	219,741	19,678
<b>Loss for the financial year</b>		<b>(946,861)</b>	<b>(577,665)</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Currency translation differences		19,821	6,773
<b>Other comprehensive income for the year</b>		<b>19,821</b>	<b>6,773</b>
<b>Total comprehensive loss for the year</b>		<b>(927,040)</b>	<b>(570,892)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(946,861)	(899,810)
Non-controlling interests		-	322,145
		<b>(946,861)</b>	<b>(577,665)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(927,040)	(893,037)
Non-controlling interests		-	322,145
		<b>(927,040)</b>	<b>(570,892)</b>

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

		Share capital	Translation Reserve	Fair value reserve	Accumulated Losses	Non-controlling interests	Total equity
	Note	£	£	£	£	£	£
<b>Balance as at 1 January 2017</b>		100	-	-	(83,352)	37,560	(45,692)
<b>Total comprehensive loss for the year</b>							
(Loss)/profit for the year		-	-	-	(899,810)	322,145	(577,665)
Other comprehensive income for the year		-	6,773	-	-	-	6,773
<b>Transactions with owners of the Company</b>							
Issue of share capital	17	12,240,791	-	-	-	-	12,240,791
Drawings		-	-	-	-	(301,141)	(301,141)
Acquisition of subsidiary with NCI		-	-	-	-	(58,564)	(58,564)
<b>Balance as at 31 December 2017</b>		<u>12,240,891</u>	<u>6,773</u>	<u>-</u>	<u>(983,162)</u>	<u>-</u>	<u>11,264,502</u>
<b>Balance as at 1 January 2018</b>		12,240,891	6,773	-	(983,162)	-	11,264,502
<b>Total comprehensive loss for the year</b>							
Loss for the year		-	-	-	(946,861)	-	(946,861)
Other comprehensive income for the year		-	19,821	-	-	-	19,821
<b>Transactions with owners of the Company</b>							
Issue of share capital	17	539,960	-	-	-	-	539,960
<b>Balance as at 31 December 2018</b>		<u>12,780,851</u>	<u>26,594</u>	<u>-</u>	<u>(1,930,023)</u>	<u>-</u>	<u>10,877,422</u>

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

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**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2018**

		Share capital	Accumulated Losses	Total equity
	Note	£	£	£
Balance as at 1 January 2017		100	(83,352)	(83,252)
Loss for the year		-	(486,417)	(486,417)
Issue of share capital	17	12,240,791	-	12,240,791
Balance as at 31 December 2017		<u>12,240,891</u>	<u>(569,769)</u>	<u>11,671,122</u>
Balance as at 1 January 2018		12,240,891	(569,769)	11,671,122
Loss for the year		-	(330,786)	(330,786)
Issue of share capital	17	539,960	-	539,960
Balance as at 31 December 2018		<u>12,780,851</u>	<u>(900,555)</u>	<u>11,880,296</u>

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

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**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Operating activities</b>			
Loss for the year		(946,861)	(577,665)
<b>Adjustment for:</b>			
Tax	11	(219,741)	(19,678)
Interest receivable and similar income		(1,079)	-
Interest payable and similar charges		10,542	16,915
<b>Adjusted loss</b>		<b>(1,157,139)</b>	<b>(580,428)</b>
<b>Net decrease / (increase) in operating assets</b>			
Amortisation of intangible assets	12	992,480	248,120
Depreciation of tangible assets	13	8,026	6,966
Other expenses - change in FVTPL	14	56,188	-
Profit on disposal of assets		(203,550)	(929)
Decrease in prepayments		156,282	69,406
Increase in trade and other receivables		(322,778)	(19,731)
Increase in trade and other payables		424,485	304,525
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(46,006)</b>	<b>27,929</b>
<b>Investing activities</b>			
Purchases of financial assets		(143,217)	-
Proceeds from sale of tangible assets		-	7,158
Purchases of tangible assets		(12,583)	(4,616)
Interest received		1,078	-
Investment in subsidiary undertakings:			
Value of cash acquired		-	410,047
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(154,721)</b>	<b>412,589</b>
<b>Financing activities</b>			
Issue of ordinary share capital		540,000	114,618
Issue of shareholders' loan		199,800	-
Issue of loan		183,085	-
Interest paid		(7,532)	(171)
Members drawings		-	(301,141)
<b>Net cash flows generated from / (used in) financing activities</b>		<b>915,353</b>	<b>(186,694)</b>
<b>Net increase in cash and cash equivalents</b>		<b>714,625</b>	<b>253,824</b>
Cash and cash equivalents at beginning of year		333,544	83,103
Exchange gain / (loss) on cash and cash equivalents		3,557	(3,383)
<b>Cash and cash equivalents at the end of year</b>		<b>1,051,726</b>	<b>333,544</b>

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

# MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)

## COMPANY STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>Operating activities</b>			
Loss for the year		(330,786)	(486,417)
<b>Adjustment for:</b>			
Interest receivable and similar income		(994)	-
Interest payable and similar charges		12,994	-
<b>Adjusted loss</b>		<b>(318,786)</b>	<b>(486,417)</b>
<b>Net decrease / (increase) in operating assets</b>			
Depreciation of tangible assets	13	5,790	1,180
Other expenses - change in FVTPL	14	56,188	-
Loss on disposal of investments		3,655	-
Increase in prepayments		(11,518)	(13,775)
Increase in trade and other receivables		(244,051)	(26,628)
Increase in trade and other payables		462,113	451,602
<b>Net cash flows used in operating activities</b>		<b>(46,609)</b>	<b>(74,038)</b>
<b>Investing activities</b>			
Purchases of financial assets		(153,811)	-
Purchases of tangible assets		(12,583)	-
Interest received		994	-
<b>Net cash flows used in investing activities</b>		<b>(165,400)</b>	<b>-</b>
<b>Financing activities</b>			
Issue of ordinary share capital		540,000	114,618
Issue of shareholders' loan		199,800	-
Loan received		183,085	-
Interest paid		(12,994)	-
<b>Net cash flows generated from financing activities</b>		<b>909,891</b>	<b>114,618</b>
<b>Net increase in cash and cash equivalents</b>		<b>697,882</b>	<b>40,580</b>
Cash and cash equivalents at beginning of year		42,209	1,629
Exchange gain on cash and cash equivalents		939	-
<b>Cash and cash equivalents at the end of year</b>		<b>741,030</b>	<b>42,209</b>

The notes on pages 18 to 56 form an integral part of these consolidated financial statements.

## **MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

##### **1. GENERAL INFORMATION**

Mirova Natural Capital Limited, formerly known as Ecosphere Capital Limited, (the "Company", or the "Group") is a private company, limited by shares and incorporated on 15 August 2011 in the United Kingdom under registration number 07740692. The Company is domiciled in the United Kingdom.

The Company's registered office is 18 St. Swithin's Lane, London, EC4N 8AD.

On 2 July 2018, the Company became authorised by the Financial Conduct Authority, under Alternative Investment Fund Managers Directive ("AIFMD"), as a Collective Portfolio Management Investment ("CPMI") firm.

As at the reporting date, the shareholders of the Company with their respective percentage of voting shareholdings are set out below:

<b>Name of entities</b>	<b>Percentage of ownership</b>	<b>Country of incorporation</b>
Mirova S.A.	51%	France
Piccolo 5 S.A.	29.40%	Luxembourg
Dog Star S.à.r.l.	19.60%	Luxembourg

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of the business combination is measured at the aggregate of the fair values (at the date of exchange, i.e. on 29 September 2017) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Any excess of the consideration of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill under intangible assets in the Consolidated Statements of Financial Position.

As at the reporting date, the Company has the following subsidiaries:

<b>Name of entities</b>	<b>Also known as</b>	<b>Percentage of the ownership</b>	<b>Country of incorporation</b>
Althelia Climate Fund GP S.à.r.l.	ACF GP	100%	Luxembourg
Sustainable Ocean Fund GP S.à.r.l.	SOF GP	100%	Luxembourg

These consolidated financial statements have been prepared for the year to 31 December 2018.

##### **2. BASIS OF ACCOUNTING**

###### **a. Statement of compliance**

The consolidated financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ("EU"). The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. BASIS OF ACCOUNTING (CONTINUED)**

**b. Basis of preparation**

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year.

The financial statements are presented in Sterling (£).

In preparing the Company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present individual statement of comprehensive income and related notes as part of these approved financial statements.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of these consolidated financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Group's accounting policies. These estimates are based on the management's best knowledge of the events which existed at the Consolidated Statement of Financial Position date; however, the actual results may differ from these estimates.

**New standards and amendments effective for the financial period beginning 1 January 2018 and adopted by the Group**

***IFRS 9 "Financial Instruments"***

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. There were no such impairment for 2017 and hence no reclassification is required and there was no adjustment on the opening balance of reserves and accumulated losses.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. BASIS OF ACCOUNTING (CONTINUED)**

**b. Basis of preparation (continued)**

***IFRS 9 "Financial Instruments" (continued)***

**ii. Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 did not have any impact on the 2017 results as it did not have any trade debtors.

***IFRS 15 "Revenue from Contracts with Customers"***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The transition to IFRS 15 did not have any impact on the Group's accumulated losses at 1 January 2018 nor on its Statement of Financial Position as at 31 December 2018 and its Statement of Comprehensive Income for the year ended 31 December 2018.

**New standards and amendments issued but not yet effective for the financial period beginning 1 January 2018 which have not been early adopted by the Group**

The Directors' assessment of the impact of these new standards is set out below:

***IFRS 16 "Leases"***

The standard will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group and the Company do not intend to adopt the standard before its effective date.

The Directors are currently reviewing the implications of the adoption of IFRS 16 on the Group and the Company and do not expect the transition to the new standard to have any impact on the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies set out below have been applied consistently in these consolidated financial statements unless otherwise indicated.

**a. Basis of consolidation**

*i. Business combinations*

The group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

*ii. Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The results of SOF GP are included in the consolidated statement of comprehensive income from May 2018, the date on which the company was established. The results of ECP and ASOF are included in the consolidated statement of comprehensive income up to June 2018, being the liquidation date and the date the Company no longer exert control respectively. The results of MNCL and ACF GP are included in the consolidated statement of comprehensive income for the full year.

*iii. Non-controlling interests*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

*iv. Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the profit or loss. Any interests retained in the former subsidiary is measured at fair value when control is lost.

*v. Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b. Foreign Currency**

*i. Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in the profit or loss.

*ii. Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into GBP at exchange rates at the reporting date. The income and expenses of foreign operations are translated into GBP at the exchange rates at the dates of transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or losses as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**c. Revenue**

*Rendering of services*

The Group has applied IFRS 15 from 1 January 2018. Revenue is measured based on the consideration in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

*Types of services*

Management fees are charged quarterly in advance to clients based on the Investment Advisory Agreements. Under IFRS 15, revenue is recognised over time as the services are provided and is mainly based as a percentage of aggregate commitments or invested capital for the period. Under IAS 18, revenue is recognised on a similar basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c. Revenue (continued)**

*Types of services (continued)*

Consultancy and advisory fees are invoiced upfront or partially upfront based on customer contracts. Under IFRS 15, revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the deliverables performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities. Under IAS 18, if the outcome of a contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed with reference to deliverables performed. Otherwise, contract revenue was recognised only to the extent of contracts costs incurred that were likely to be recoverable. Advances received were included in deferred revenue.

Costs recharges are invoiced to clients in arrears on an incurred basis. Under both pre and post IFRS 15, revenue is recognised as costs recharges are incurred to the extent that they are recoverable.

**d. Employee benefits**

*i. Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*ii. Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**e. Grant**

Grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

**f. Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g. Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted to substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h. Property, plant and equipment**

*i. Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

*iii. Depreciation*

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Furniture and equipment: 5 years
- Plant and machinery: 5 years

Depreciation methods, useful lives and residuals values are reviewed at each reporting date and adjusted if appropriate.

**i. Intangible assets and goodwill**

*i. Recognition and measurement*

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible asset, which comprises of a contract for management fees receivables acquired by the Group and having a finite useful lives, is measured at cost less accumulated amortisation and any accumulated impairment losses.

*ii. Amortisation*

Amortisation is calculated to write off the cost of intangible asset less its estimated residual values using the straight-line method over its estimated useful life, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life of the intangible asset is 3.75 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortisation is included in administrative expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

**k. Financial instruments**

*i. Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*ii. Classification and subsequent measurement*

*Financial assets - Policy applicable from 1 January 2018*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k. Financial instruments (continued)**

*ii. Classification and subsequent measurement (continued)*

*Financial assets - Business model assessment: Policy applicable from 1 January 2018*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k. Financial instruments (continued)**

*ii. Classification and subsequent measurement (continued)*

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018 (continued)*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018*

*Financial assets at FVTPL* - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and expected credit losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial assets - Policy applicable before 1 January 2018*

The Group classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k. Financial instruments (continued)**

*ii. Classification and subsequent measurement (continued)*

*Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018*

*Financial assets at FVTPL* - Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

*Held-to-maturity financial assets* - Measured at amortised cost using the effective interest method.

*Loans and receivables* - Measured at amortised cost using the effective interest method.

*Available-for-sale financial assets* - Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*iii. Derecognition*

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k. Financial instruments (continued)**

*iv. Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**l. Share Capital**

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

**m. Impairment**

*i. Non-derivative financial assets*

*Policy applicable from 1 January 2018*

*Financial instruments and contract assets*

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m. Impairment (continued)**

*i. Non-derivative financial assets (continued)*

*Policy applicable from 1 January 2018 (continued)*

*Financial instruments and contract assets (continued)*

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m. Impairment (continued)**

*i. Non-derivative financial assets (continued)*

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

*Policy applicable before 1 January 2018*

*Non-derivative financial assets*

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.

*Financial assets measured at amortised cost*

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m. Impairment (continued)**

*i. Non-derivative financial assets (continued)*

*Policy applicable before 1 January 2018 (continued)*

*Non-derivative financial assets (continued)*

*Financial assets measured at amortised cost (continued)*

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

*ii. Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**n. Leases**

*i. Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

*ii. Leased assets*

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

*iii. Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**o. Operating profit**

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

**p. Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****p. Fair value measurement (continued)**

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**q. Going concern**

After reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

**r. Investments**

Investments in subsidiaries by the Company are shown at cost in accordance with IAS 27 Separate Financial Statements.

**s. Capital management**

The Group's policy is to maintain a strong capital base so as to safeguard their ability to continue as a going concern, to sustain future development of the business and to maintain an optimal capital structure. Management monitors the capital structure by reviewing and adjusting the issue of new shares, debt levels and deciding on dividend distribution, if any.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the consolidated statement of financial position) less cash and cash equivalents. Equity comprises share capital, translation reserve and accumulated losses.

The Group's net debt to equity ratio at 31 December 2018 was as follows.

	2018	2017
	£	£
Total liabilities	2,790,226	2,374,562
less: Cash and cash equivalents	(1,051,726)	(333,544)
Net debt	1,738,500	2,041,018
Total equity	10,877,422	11,264,502
Net debt to equity ratio	0.16	0.18

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****4. USE OF ESTIMATES**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year is included in the following notes:

The areas involving significant estimates and judgements are:

- Note 12 - impairment test of intangible asset and goodwill: key assumptions underlying recoverable amounts, including the recoverability of the contract for management fees receivable.

**5. OPERATING SEGMENTS**

The Directors examine the Group's revenue from a product perspective and have identified two main reportable segments of the business:

	2018	2017
Group	£	£
Management Fees	1,677,513	329,466
Consultancy and Advisory Fees	97,834	1,237,796
Other	549,574	-
	<u>2,324,921</u>	<u>1,567,262</u>
Company	£	£
Management Fees	1,580,828	-
Consultancy and Advisory Fees	109,488	382,975
Other	527,571	-
	<u>2,217,887</u>	<u>382,975</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. FINANCIAL INSTRUMENTS**

Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

**a. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**31 December 2017**

		Carrying amount and fair values		
		Designated at fair value	Loans and receivables	Other financial liabilities
	Note	£	£	£
<b>Financial assets measured at fair value</b>				
Equity securities (Fair Value Level 3)	14	107,440	-	-
<b>Financial assets not measured at fair value</b>				
Trade and other receivables	15	-	66,804	-
Cash and cash equivalents	16	-	333,544	-
<b>Financial liabilities not measured at fair value</b>				
Loans (Fair Value Level 2)	18	-	-	(773,099)
Trade and other payables	19	-	-	(1,010,937)
		<u>107,440</u>	<u>400,348</u>	<u>(1,784,036)</u>

**31 December 2018**

		Carrying amount and fair values		
		Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities
	Note	£	£	£
<b>Financial assets measured at fair value</b>				
Equity securities (Fair Value Level 3)	14	278,622	-	-
<b>Financial assets not measured at fair value</b>				
Trade and other receivables	15	-	372,402	-
Cash and cash equivalents	16	-	1,051,726	-
<b>Financial liabilities not measured at fair value</b>				
Loans (Fair Value Level 2)	18	-	-	(889,041)
Trade and other payables	19	-	-	(1,479,379)
		<u>278,622</u>	<u>1,424,128</u>	<u>(2,368,420)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. FINANCIAL INSTRUMENTS (CONTINUED)**

***b. Fair value measurement***

***i. Valuation techniques and significant unobservable inputs***

*Financial instruments not measured at fair value*

Equity securities - The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities.

Loans - The valuation model considers the present value of expected payments, discounted using a risk-adjusted discounted rate.

***ii. Levels***

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on equity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

***iii. Transfer between Levels***

There were no transfers between levels during the year (2017: none).

***c. Financial risk management***

The Group has exposure to market risk, credit risk and foreign currency risks arising from financial instruments.

The Group's risk management is carried out by the Directors of the Company and each of the Company's subsidiaries. The risk management policies employed by the Group to manage these risks are discussed below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. FINANCIAL INSTRUMENTS (CONTINUED)**

*c. Financial risk management (continued)*

*i. Market Risk*

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has decided to abide by a policy of low risk tolerance. Consequently, the Group does not have positions on or off balance sheet that might be affected by fair value risk relating to interest rate and price risks.

*1. Currency risk*

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro (EUR) and Pound Sterling (GBP). The currencies in which these transactions are primarily denominated are EUR, GBP and US dollars (USD).

*Exposure*

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

<b>31 December 2017</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>
Tangible assets	12,081	-	-
Other Financial Assets	107,440	-	-
Cash and cash equivalents	66,135	209,930	109,705
Trade and other receivables	229,151	54,124	-
Prepayments	17,447	-	-
Loans and borrowings	-	(649,463)	(300,000)
Trade and other payables	(431,133)	(482,935)	(207,166)
	<u>1,121</u>	<u>(868,344)</u>	<u>(397,461)</u>
<b>31 December 2018</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>
Tangible assets	16,638	-	-
Other Financial Assets	-	410,772	-
Cash and cash equivalents	727,969	355,929	12,108
Trade and other receivables	179,993	185,783	22,901
Prepayments	195,217	-	-
Loans and borrowings	-	(515,705)	(300,000)
Trade and other payables	(583,018)	(740,930)	(319,826)
	<u>536,799</u>	<u>(304,151)</u>	<u>(584,817)</u>

The following significant exchange rates have been applied.

	<b>Average rate</b>		<b>Year-end spot rate</b>	
<b>GBP</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
EUR 1	0.8909	0.8717	0.8945	0.8872
USD 1	0.7605	0.7760	0.7812	0.7398



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. FINANCIAL INSTRUMENTS (CONTINUED)**

*c. Financial risk management (continued)*

*i. Market Risk (continued)*

*Sensitivity*

As shown in the table previous, the Group is exposed to foreign currency risk through a number of different asset and liability types held in currencies other than GBP. The risk is between GBP and other foreign currencies.

Should the net asset value subject to currency risk be subject to a 10% increase/decrease, the impact on the Statement of Financial Position and Statement of Comprehensive Income would be an increase/decrease in the value of £76,470 (2017: £103,939).

*2. Interest rate risk*

The Group is exposed to interest rate risk on loan payables and borrowings.

As the Group's exposure to interest rates is fixed, the Group does not manage its cash flow interest rate risk as it does not deem its other exposures to interest rate risk to be significant.

*ii. Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on trade receivables arising from contracts with customers recognised in profit or loss during the year were £1,989 (2017: nil).

**Trade debtors and other receivables**

The Group exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default associated with the industry in which customers operate.

More than 90% of the Group's customers are within the Mirova group and none of these customers' balances have been written off or credit-impaired at the reporting date.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable for which no loss allowance is recognised because of collateral.

**Exposure to credit risk for trade receivables by type of counterparties:**

	2018	2017
	£	£
Fund	154,237	-
Corporate	7,137	-
Banks	22,362	-
<b>Total gross carrying value</b>	<b>183,736</b>	<b>-</b>
Loss allowance	(1,989)	-
	<b>181,747</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****6. FINANCIAL INSTRUMENTS (CONTINUED)***c. Financial risk management (continued)**ii. Credit Risk (continued)*

The Group uses an allowance matrix to measure ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - industry and type of services.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2018.

	Weighted- average loss rate	Gross carrying value	Loss allowance	Credit- impaired
1-30 days	0.11%	23,709	(26)	No
31-90 days	-	-	-	-
91-180 days	1.23%	160,027	(1,963)	No
More than 180 days	-	-	-	-

**Cash and cash equivalents**

The Group held cash and cash equivalents of £936,797 at 31 December 2018 (2017: £333,554). Of these, £396,797 are held with banks and financial institution counterparties which are rated A1 to A2 based on Moody's ratings while £540,000 are held with a bank that source funds through what is known as the retail market and hence where a credit rating is not necessary.

No cash and cash equivalents impairment is considered necessary.

*iii. Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Directors monitor cash availability and current liabilities to mitigate and manage liquidity risk.

The table overleaf summarises the maturity profile of the Groups's financial assets and liabilities based on contractual undiscounted payments:

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. FINANCIAL INSTRUMENTS (CONTINUED)**

*c. Financial risk management (continued)*

*iii. Liquidity risk (continued)*

	3 months or less	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years
	£	£	£	£
<b>2017 carrying amounts</b>				
Other financial assets	107,440	-	-	-
Trade and other receivables	66,804	-	-	-
Cash and cash equivalents	333,544	-	-	-
Loans and borrowings	-	-	-	(773,099)
Trade and other payables	(1,010,937)	-	-	-
	<u>(503,149)</u>	<u>-</u>	<u>-</u>	<u>(773,099)</u>
<b>2018 carrying amounts</b>				
Other financial assets	278,622	-	-	-
Trade and other receivables	372,402	-	-	-
Cash and cash equivalents	1,051,726	-	-	-
Loans and borrowings	-	-	-	(889,041)
Trade and other payables	(1,479,379)	-	-	-
	<u>223,371</u>	<u>-</u>	<u>-</u>	<u>(889,041)</u>

**7. REVENUE**

	2018	2017
	£	£
<b>Group</b>		
Rendering of services	<u>2,324,921</u>	<u>1,567,262</u>
<b>Company</b>		
Rendering of services	<u>2,217,887</u>	<u>382,975</u>

**8. ADMINISTRATIVE EXPENSES**

Expenses by nature	2018	2017
Group	£	£
Accountancy fees	(107,193)	(113,902)
Consultancy fees	(299,669)	(422,831)
Legal fees	(181,675)	(181,258)
Audit fees	(50,000)	(44,550)
Operating lease payments	(178,661)	(128,816)
Business rates	(28,690)	(31,733)
Other professional fees	(93,899)	(68,638)
Staff costs	(1,162,763)	(432,770)
Bank charges	(3,253)	(3,601)
Office expenses	(192,544)	(192,487)
Travel expenses	(301,810)	(263,727)
Other expenses	(26,430)	(9,220)
Depreciation of tangible assets	(8,026)	(6,966)
Amortisation intangible assets	(992,480)	(248,120)
<b>Total</b>	<u>(3,627,093)</u>	<u>(2,148,619)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. ADMINISTRATIVE EXPENSES (CONTINUED)**

<b>Expenses by nature</b>	<b>2018</b>	<b>2017</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Accountancy fees	(50,540)	(36,120)
Consultancy fees	(264,538)	(101,880)
Legal fees	(119,623)	(28,433)
Audit fees	(50,000)	(44,550)
Operating lease payments	(170,299)	(26,794)
Business rates	(28,690)	(4,104)
Other professional fees	(99,084)	(53,210)
Staff costs	(1,162,763)	(363,184)
Bank charges	(1,482)	(1,129)
Office expenses	(185,474)	(69,507)
Travel expenses	(301,810)	(58,146)
Other expenses	(28,498)	(70,197)
Depreciation of tangible assets	(5,790)	(1,180)
<b>Total</b>	<b>(2,468,591)</b>	<b>(858,434)</b>

**9. NET FINANCE COSTS**

	<b>2018</b>	<b>2017</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Interest income	1,079	-
<b>Finance income</b>	<b>1,079</b>	<b>-</b>
Financial liabilities measured at amortised cost - interest expense	(10,309)	(3,628)
Bank interest payable	(233)	(170)
Net foreign exchange loss	(2,329)	(13,117)
<b>Finance costs</b>	<b>(12,871)</b>	<b>(16,915)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(11,792)</b>	<b>(16,915)</b>

<b>Company</b>	<b>£</b>	<b>£</b>
Interest income	994	-
<b>Finance income</b>	<b>994</b>	<b>-</b>
Financial liabilities measured at amortised cost - interest expense	(12,996)	(5,105)
Net foreign exchange loss	(8,237)	(5,854)
<b>Finance costs</b>	<b>(21,233)</b>	<b>(10,959)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(20,239)</b>	<b>(10,959)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. EMPLOYEE BENEFITS**

**Group**

The average monthly number of employees during the year was:

	2018	2017 Last 3 months	2017 First 9 months
Directors	2	2	1
Staff	9	8	2
<b>Total</b>	<b>11</b>	<b>10</b>	<b>3</b>

	2018 £	2017 £
<b>Employee benefit expenses</b>		
Wages and salaries	913,646	362,657
Social security costs	189,271	53,388
Contributions to defined benefit pension funds	37,485	5,855
Other staff costs	22,361	10,870
<b>Total</b>	<b>1,162,763</b>	<b>432,770</b>

**Company**

The average monthly number of employees during the year was:

	2018	2017
Directors	2	2
Staff	9	8
<b>Total</b>	<b>11</b>	<b>10</b>

	2018 £	2017 £
<b>Employee benefit expenses</b>		
Wages and salaries	913,646	297,156
Social security costs	189,271	49,316
Contributions to defined benefit pension funds	37,485	5,855
Other staff costs	22,361	10,857
<b>Total</b>	<b>1,162,763</b>	<b>363,184</b>

**Directors' remuneration**

Directors' compensation for the Group and the Company are disclosed in notes 21(b) and 21(d).

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. TAX CREDIT**

**Group**

**a. Analysis of tax credit for the year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
- UK Corporation tax on profits for the year	-	-
- Foreign corporation tax on profits for the year	(1,301)	(22,153)
- Adjustment in respect of prior periods	52,322	(349)
<b>Total current tax</b>	<b>51,021</b>	<b>(22,502)</b>
<b>Deferred tax:</b>		
- Origination and reversal of timing differences	168,720	42,180
<b>Total deferred tax</b>	<b>168,720</b>	<b>42,180</b>
<b>Tax credit for the year</b>	<b>219,741</b>	<b>19,678</b>

**b. Reconciliation of the tax credit**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>restated £</b>
Loss on ordinary activities before taxation	(1,166,602)	(597,343)
Loss on ordinary activities before taxation multiplied by effective rate in the UK of 19% (2017: 19.25%)	221,654	114,988
Effects of:		
Partnership income not subject to corporate tax	-	62,013
Loss not recognised	(220,592)	(194,605)
Expenses not deductible	(2,364)	(4,549)
Deferred tax	168,720	42,180
Adjustment in respect of prior period	52,322	(349)
<b>Total tax credit</b>	<b>219,741</b>	<b>19,678</b>

The 2017 reconciliation has been restated to show the analysis more clearly but the actual total tax credit has not changed.

**c. Deferred tax liabilities**

Deferred tax liabilities during the year relate to the intangible assets acquired in the acquisition of ACF GP.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening balance	590,526	-
Recognised on intangible asset - management contract	-	632,706
less: Amortisation	(168,720)	(42,180)
<b>Closing balance</b>	<b>421,806</b>	<b>590,526</b>
<b>Settled:</b>	<b>£</b>	<b>£</b>
No more than twelve months after the reporting period	168,720	168,720
More than twelve months after the reporting period	253,086	421,806
	<b>421,806</b>	<b>590,526</b>

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. GOODWILL AND OTHER INTANGIBLE ASSET**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of the business combination is measured at the aggregate of the fair values (at the date of exchange, i.e. on 29 September 2017) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Directly attributable transaction costs are expensed to profit or loss.

As a result certain Intangible Asset and resulting Goodwill were recognised on acquisition date.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that it may be impaired. Goodwill is assessed for the purpose of impairment testing, at either the individual CGU level or group of CGUs, consistent with the level at which goodwill is monitored internally. Impairment is determined by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than its carrying amount, an impairment loss is recognised.

Presented in the table below is an analysis of Goodwill and Other Intangible Asset as at 31 December 2018.

	Goodwill	Other intangible asset	Total
Cost	£	£	£
Acquisition through business combination	9,441,766	3,721,801	13,163,567
At 31 December 2017	9,441,766	3,721,801	13,163,567
<b>Accumulated amortisation</b>			
Charge for the year	-	248,120	248,120
At 31 December 2017	-	248,120	248,120
<b>Carrying amounts</b>			
At 31 December 2017	9,441,766	3,473,681	12,915,447
	Goodwill	Other intangible asset	Total
Cost	£	£	£
At 1 January 2018	9,441,766	3,721,801	13,163,567
At 31 December 2018	9,441,766	3,721,801	13,163,567
<b>Accumulated amortisation</b>			
At 1 January 2018	-	248,120	248,120
Charge for the year	-	992,480	992,480
At 31 December 2018	-	1,240,600	1,240,600
<b>Carrying amounts</b>			
At 31 December 2018	9,441,766	2,481,201	11,922,967

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. GOODWILL AND OTHER INTANGIBLE ASSET (CONTINUED)**

**Annual goodwill impairment tests**

The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use. In determining value in use, estimated future cash flows are discounted to their present value. The Group performed its annual test for impairment on 31 December 2018. In all cases, the 2019 budget and the approved Group plan for the ten years following the current financial year form the basis for the cash flow projections for a CGU or group of CGUs. The key assumptions in the value in use calculations are the average medium-term revenue and cost growth rates.

– The average medium-term revenue growth rate includes management contracts expected to come into force over the coming years.

– The average medium-term cost growth rate is based on the expected RPI over the next 10 years adjusted for other expected increases/decreases in specific cost lines.

In accordance with IAS 36, key assumptions for the value in use calculations are disclosed for those CGUs and groups of CGUs where significant goodwill is held. The discount rate, average medium-term revenue and cost growth rates used for the value in use calculation for these are shown below:

	<b>2018</b>
- Discount rate	9.9%
- Average medium-term revenue growth rate	1.6%
- Average medium-term cost growth rate	3.2%

*Discount rate*

The discount rate applied to the CGU or group of CGUs represents a rate that reflects the market assessment of the time value of money as at 31 December 2018 based on the expected market rate of return relevant to the countries of investments and the market volatility to the environmental sector.

*Sensitivity analysis*

A sensitivity analysis was performed for the CGUs or group of CGUs and management concluded that no reasonably possible change in any of the key assumptions would cause the carrying value of the CGU or group of CGUs to exceed its recoverable amount.

*Impairment*

The Group performed its annual test for impairment on 31 December 2018. The recoverable amount exceeded the carrying value of the CGU or group of CGUs.

**Impairment tests for other intangible assets**

The Group reviewed and tested whether other intangible asset has suffered any impairment on an annual basis. As at 31 December 2018 it was assessed that there were no indicators of impairment to other intangible assets, no impairment was necessary. The next impairment test will take place by 31 December 2019.



**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Furniture and Equipment</b>	<b>Plant and Machinery</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	33,008	10,440	43,448
Additions	4,616	-	4,616
Disposals	(7,821)	-	(7,821)
At 31 December 2017	29,803	10,440	40,243
<b>Accumulated depreciation</b>			
At 1 January 2017	13,529	9,259	22,788
Charge for the year	5,786	1,180	6,966
Disposals	(1,592)	-	(1,592)
At 31 December 2017	17,723	10,439	28,162
<b>Net book value</b>			
At 31 December 2017	12,080	1	12,081
At 31 December 2016	19,479	1,181	20,660
	<b>Furniture and Equipment</b>	<b>Plant and Machinery</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2018	29,803	10,440	40,243
Additions	-	12,583	12,583
Disposals	-	-	-
Transfer from subsidiary	(29,803)	29,803	-
At 31 December 2018	-	52,826	52,826
<b>Accumulated depreciation</b>			
At 1 January 2018	17,723	10,439	28,162
Charge for the year	2,236	5,790	8,026
Disposals	-	-	-
Transfer from subsidiary	(19,959)	19,959	-
At 31 December 2018	-	36,188	36,188
<b>Net book value</b>			
At 31 December 2018	-	16,638	16,638
At 31 December 2017	12,080	1	12,081

There were no impairment losses during the year (2017: £nil) for tangible assets.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Plant and Machinery</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>
At 1 January 2017	10,440	10,440
Additions	-	-
Disposals	-	-
At 31 December 2017	<u>10,440</u>	<u>10,440</u>
<b>Accumulated depreciation</b>		
At 1 January 2017	9,259	9,259
Charge for the year	1,180	1,180
Disposals	-	-
At 31 December 2017	<u>10,439</u>	<u>10,439</u>
<b>Net book value</b>		
At 31 December 2017	<u>1</u>	<u>1</u>
At 31 December 2016	<u>1,181</u>	<u>1,181</u>
	<b>Plant and Machinery</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>
At 1 January 2018	10,440	10,440
Additions	12,583	12,583
Disposals	-	-
Transfer from subsidiary	29,803	29,803
At 31 December 2018	<u>52,826</u>	<u>52,826</u>
<b>Accumulated depreciation</b>		
At 1 January 2018	10,439	10,439
Charge for the year	5,790	5,790
Disposals	-	-
Transfer from subsidiary	19,959	19,959
At 31 December 2018	<u>36,188</u>	<u>36,188</u>
<b>Net book value</b>		
At 31 December 2018	<u>16,638</u>	<u>16,638</u>
At 31 December 2017	<u>1</u>	<u>1</u>

There were no impairment losses during the year (2017: £nil) for tangible assets.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. OTHER FINANCIAL ASSETS**

Group	Equity securities designated at FVTPL 2018 £	Equity securities designated at FVTPL 2017 £
<b>Non-current investments</b>		
At 1 January	107,440	-
Additions	199,406	107,440
Transfer	27,964	-
Change in Fair Value through Profit or Loss	(56,188)	-
At 31 December	<u>278,622</u>	<u>107,440</u>

These are mainly investments in Class A Ordinary shares of Althelia Climate Fund S.C.A SICAV-SIF and Althelia Sustainable Ocean Fund S.C.A SICAV-SIF.

Company	Investments in subsidiaries 2017 £	Equity securities designated at FVTPL 2017 £	Total 2017 £
<b>Non-current investments</b>			
Additions	12,046,798	107,440	12,154,238
At 31 December 2017	<u>12,046,798</u>	<u>107,440</u>	<u>12,154,238</u>

Company	Investments in subsidiaries 2018 £	Equity securities designated at FVTPL 2018 £	Total 2018 £
<b>Non-current investments</b>			
At 1 January 2018	12,046,798	107,440	12,154,238
Additions	10,694	199,404	210,098
Disposals	(100)	-	(100)
Transfer	(27,964)	27,964	-
Change in Fair Value through Profit or Loss	-	(56,188)	(56,188)
At 31 December 2018	<u>12,029,428</u>	<u>278,620</u>	<u>12,308,048</u>

These are investments in Class A Ordinary shares of Althelia Climate Fund S.C.A SICAV-SIF and Althelia Sustainable Ocean Fund S.C.A SICAV-SIF and in subsidiaries, details of which are in note 21.

The equity securities have been designated as at FVTPL because they are managed on a fair value basis and their performance is actively managed. Investments in subsidiaries are recognised at costs in accordance with IAS 27 Separate Financial Statements.

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**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****15. TRADE AND OTHER RECEIVABLES**

	2018	2017
Group	£	£
Trade debtors	181,747	-
Rent deposit	29,509	29,509
Other debtors	161,146	37,295
	<u>372,402</u>	<u>66,804</u>
Company	£	£
Trade debtors	30,692	-
Rent deposit	29,509	-
Other debtors	151,418	124,121
	<u>211,619</u>	<u>124,121</u>

Based on the amount and nature of the Trade and Other Receivables, the Group's exposure to credit and market risk are minimum. Refer to note 6(c) for the loss allowance.

**16. CASH AND CASH EQUIVALENTS**

	2018	2017
Group	£	£
Cash at bank and in hand	1,051,726	333,544
	<u>1,051,726</u>	<u>333,544</u>
Company	£	£
Cash at bank and in hand	741,030	42,209
	<u>741,030</u>	<u>42,209</u>

**Restricted cash**

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand; there are no restricted cash amounts.

**17. SHARE CAPITAL**

	2018	2017
Group and Company	£	£
<b>Authorised, allotted and fully paid:</b>		
599,803,659 (2017: 599,803,659) S Ordinary shares of £0.01 each	5,998,037	5,998,037
624,281,441 (2017: 624,281,441) B Ordinary shares of £0.01 each	6,242,814	6,242,854
54,000,000 (2017: nil) C Ordinary shares of £0.01 each	540,000	-
	<u>12,780,851</u>	<u>12,240,891</u>

On 29 September 2017, the 100 ordinary shares of £1 each were subdivided into 10,000 ordinary shares of £0.01 each and re-designated as 4,900 S ordinary shares of £0.01 each and 5,100 B ordinary shares of £0.01 each.

On 29 September 2017, 599,798,759 S ordinary shares of £0.01 each and 624,280,341 B ordinary shares of £0.01 each were allotted, issued and fully paid.

In June 2018, 540,000,000 C ordinary shares of £0.01 each were allotted and issued at par and were fully paid.

The S shares, B shares and C shares constitute separate classes of shares. The S shares and the B shares have attached to them full voting, dividend and capital distribution, including on winding up, rights. The C shares shall not confer the C shareholders any right to receive dividends declared by the Company and shall not be transferable without the consent of the B shareholders.

**MIROVA NATURAL CAPITAL LIMITED (formerly known as ECOSPHERE CAPITAL LIMITED)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****18. LOANS AND BORROWINGS**

	2018	2017
Group	£	£
<b>Non-current liabilities</b>		
Loan	234,367	221,929
Shareholders' loan	654,674	551,170
	<u>889,041</u>	<u>773,099</u>

**a. Loan**

The loan from Conservation International Fund for USD300,000 bearing 3% interest per annum was part of the net assets taken over upon the acquisition of ACF GP on 29 September 2017. The reimbursement of the loan is conditional upon the launch of Althelia Sustainable Ocean Fund S.C.A.. At 31 December 2018, the accrued interest was £18,945 (2017: £11,213).

**b. Shareholders' loans**

The shareholders' loan was part of the net assets taken over upon the acquisition of ACF GP on 29 September 2017. The loan is unsecured, repayable on 7 April 2020 and ceases to bear interest from 29 September 2017. No amount was paid or repaid during the period. At 31 December 2018, the accrued interest was £21,766 (2017: £21,588). Refer to note 21(b)(i).

In March 2018, the shareholders provided loans of £199,800 to the Group of which £102,000 is repayable on 31 December 2019 and £97,800 is repayable on 31 December 2021. The loans bear an interest rate of 1.5% per annum. At 31 December 2018, accrued interest amounted to £2,355 of which £1,169 is payable after more than one year.

	2018	2017
Company	£	£
<b>Non-current liabilities</b>		
Amounts owed to group undertakings	472,611	102,101
	<u>472,611</u>	<u>102,101</u>

The amounts owed to group undertakings comprise unsecured loans and accrued interest thereon at 5% per annum. Of the loans, €82,000 is repayable on 1 August 2021 and €33,082 is repayable on 15 September 2024. At 31 December 2018, accrued interest amounted to £19,470 (2017: £14,206).

In June 2018, the Company took over a loan of USD300,000 and accrued interest thereon of USD15,880 from Ecosphere Capital Partners payable to ACF GP. The loan bears interest at 3.25% per annum and repayment is conditional on the launch of Althelia Sustainable Ocean Fund S.C.A.. At 31 December 2018, the accrued interest was £16,871 (2017: £8,900).

In March 2018, the shareholders provided loans of £199,800 to the Company of which £102,000 is repayable on 31 December 2019 and £97,800 is repayable on 31 December 2021. The loans bear an interest rate of 1.5% per annum. At 31 December 2018, accrued interest amounted to £2,355 of which £1,169 is payable after more than one year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**19. TRADE AND OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Loans and borrowings	287,413	-
Trade payables	658,186	278,032
Other creditors	33,877	85,164
Taxation and social security	317,190	320,891
Accruals and deferred income	182,713	326,850
	<u>1,479,379</u>	<u>1,010,937</u>
<b>Company</b>	<b>£</b>	<b>£</b>
Loans and borrowings	287,413	-
Trade payables	418,670	90,229
Amounts owed to group undertakings	23,450	154,025
Other creditors	32,576	719
Taxation and social security	45,610	41,881
Accruals and deferred income	142,002	274,266
	<u>949,721</u>	<u>561,120</u>

In September 2018, the Company (and the Group) received a loan of £183,085 from Kennedy Financement Luxembourg at a rate of 1 month Euribor +20.5 bps on a rolling basis. At 31 December 2018, the accrued interest was £1,142. In March 2018, the Company (and the Group) received a loan of £102,000 from the parent, Mirova (see note 21 for further details).

**20. LEASES**

**Group and Company**

As at 31 December 2018, the Group and its subsidiaries did not own any buildings for their own use but rather carried on their activity in properties leased under operating leases.

Commitments in relation to operating leases are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Less than one year	41,558	39,662
Between one and five years	-	-
More than five years	-	-
	<u>41,558</u>	<u>39,662</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. RELATED PARTIES**

**a. Subsidiaries**

The Company's principal subsidiaries as at 31 December 2018 are set out below:

Name of entity	Address of registered office	Ownership	Principal activities
Althelia Climate Fund GP S.à.r.l.	5, Rue Guillaume Kroll, L-1882, Luxembourg	100%	General Partner of funds
Sustainable Ocean Fund GP S.à.r.l.	5, Rue Guillaume Kroll, L-1882, Luxembourg	100%	General Partner of funds

**Group**

**b. Transactions with key management personnel**

*i. Loans from companies controlled by the Directors*

The Group took over a loan of €425,578 and the accrued interest thereon of €17,197 from Piccolo 5 S.A., a company controlled by Sylvain Goupille, as part of the net assets acquired from ACF GP on 29 September 2017.

The Group also took over a loan of €195,668 and the accrued interest thereon of €7,135 from Dog Star S.à.r.l., a company controlled by Christian del Valle, as part of the net assets acquired from ACF GP on 29 September 2017.

Both loans cease to bear interest since 29 September 2017 and are repayable on 7 April 2020. No loan repayment was made during the year (2017: £nil).

In March 2018, Piccolo 5 S.A. and Dog Star S.à.r.l. provided a loan of £58,800 and £39,000 respectively to the Group repayable on 31 December 2021 at an interest rate of 1.5% per annum. Accrued interest thereon at 31 December 2018 were £703 and £466 respectively.

£6,250 and £4,167 were also due to Piccolo 5 S.A. and Dog Star S.à.r.l. respectively following their share capital contribution to the Group in 2017.

At 31 December 2018, the outstanding loans and the accrued interest thereon were:

	2018 £	2017 £
Loan from Piccolo 5 S.A.	445,730	377,573
Loan from Dog Star S.à.r.l.	218,192	173,597
Interest on loan from Piccolo 5 S.A.	16,086	15,257
Interest on loan from Dog Star S.à.r.l.	6,849	6,331
	<u>686,857</u>	<u>572,758</u>

*ii. Key management personnel compensation comprised the following*

	2018 £	2017 £
Short term employee benefits	380,825	71,702
Social security costs	117,833	18,570
Defined benefits contributions	30,591	4,816
Other benefits	-	1,281
	<u>529,249</u>	<u>96,369</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. RELATED PARTIES (CONTINUED)**

**Group (continued)**

**c. Other related party transactions**

	<b>2018</b>		<b>2017</b>	
	<b>Revenue</b>	<b>Balance outstanding from</b>	<b>Revenue</b>	<b>Balance outstanding from</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Parent	81,356	7,137	39,453	-
Affiliate	80,269	-	152,500	-
Funds of General Partners	2,042,111	229,607	1,375,308	-

In March 2018, the parent provided a loan of £102,000 (2017: £nil) to the Group repayable on 31 December 2019 at an interest rate of 1.5% per annum. Accrued interest thereon at 31 December 2018 was £1,186 (2017: £nil).

**Company**

**d. Transactions with key management personnel**

*i. Loans from companies controlled by the Directors*

In March 2018, Piccolo 5 S.A. and Dog Star S.à.r.l. provided a loan of £58,800 and £39,000 respectively to the Company repayable on 31 December 2021 at an interest rate of 1.5% per annum. Accrued interest thereon at 31 December 2018 were £703 and £466 respectively.

£6,250 and £4,167 were also due to Piccolo 5 S.A. and Dog Star S.à.r.l. respectively following their share capital contribution to the Company in 2017.

At 31 December 2018, the outstanding loans and the accrued interest thereon were:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loan from Piccolo 5 S.A.	65,050	-
Loan from Dog Star S.à.r.l.	43,167	-
Interest on loan from Piccolo 5 S.A.	703	-
Interest on loan from Dog Star S.à.r.l.	466	-
	<b>109,386</b>	<b>-</b>

*ii. Key management personnel compensation comprised the following*

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Short term employee benefits	380,825	71,702
Social security costs	117,833	18,570
Defined benefits contributions	30,591	4,816
Other benefits	-	1,281
	<b>529,249</b>	<b>96,369</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****21. RELATED PARTIES (CONTINUED)****Company (continued)****e. Other related party transactions**

	2018		2017	
	Revenue	Balance outstanding from	Revenue	Balance outstanding from
	£	£	£	£
Parent	81,356	7,137	-	-
Affiliate	80,269	-	39,589	-
Funds of General Partners	1,679,466	78,552	97,235	-

In March 2018, the parent provided a loan of £102,000 (2017: £nil) to the Company repayable on 31 December 2019 at an interest rate of 1.5% per annum. Accrued interest thereon at 31 December 2018 was £1,186 (2017: £nil).

**23. SUBSEQUENT EVENTS**

Subsequent events have been evaluated up to the date on which the financial statements were approved and authorised for issue by the Directors.

There have been no other significant events affecting the Company or the Group since the year end.

**24. ULTIMATE HOLDING COMPANY**

The controlling party and immediate parent of the Group is Mirova S.A. who owns 51% of the voting rights over the Company's operations. Mirova S.A. is 100% owned by Ostrum Asset Management (previously named Natixis Asset Management) who are the ultimate parent company. The results of the Group are presented within the consolidated financial statements of Ostrum Asset Management, copies of which are available at 30 Avenue Pierre Mendes-France, 75013 Paris, France.