

Company Registration No. 08126173 (England and Wales)

**Greensill Capital (UK) Limited**

**Annual report and financial statements  
for the year ended 31 December 2017**

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## **Greensill Capital (UK) Limited**

### **Company information**

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<b>Directors</b>	Alexander Greensill Jason Austin William Crothers
<b>Secretary</b>	Jonathan Lane
<b>Company number</b>	08126173
<b>Registered office</b>	One Southampton Street Covent Garden London WC2R 0LR
<b>Independent auditors</b>	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

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**Greensill Capital (UK) Limited**

**Contents.**

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	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 29

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**Greensill Capital (UK) Limited**

**Strategic report**

**For the year ended 31 December 2017**

The directors present the strategic report and financial statements for the year ended 31 December 2017.

**Review of the business**

Revenue for the year was US\$115.9 million (2016: US\$42.1 million); this significant growth was achieved through the continued expansion and deepening of our product; this is driven by our core strengths; innovation, client focus and execution.

Administrative expenses totaled US\$86.1 million (US\$99.5 million). The prior year expenses include one-off impairments on historic loans; the strategic decision in early 2016 to improve the quality of the portfolio means the large losses experienced in 2016 are not expected to recur. We continue to invest in our operating platform to support new products and in key functional areas to drive capability and capacity; the investments in prior years are paying off with through revenue growth and profitability.

After financing costs, the resulting profit after tax was \$US31.9 million (2016: \$US54.4 million loss).

**Principal risks and uncertainties**

The main risks arising from the company's operations are liquidity risk, currency risk and credit risk.

The directors review and agree policies for managing these and other risks.

**Key performance indicators**

The directors consider the company's key performance indicators to be as shown in the table below. Analysis of these key performance indicators is set out below:

	2017	2016
	US\$	US\$
Revenue	115.9m	42.1m
Net profit/(loss) after taxation	31.9m	(54.4m)

On behalf of the board

.....  
Alexander Greensill

Director

26 June 2018

**Greensill Capital (UK) Limited**

**Directors' report**

**For the year ended 31 December 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

**Principal activities**

The principal activity of the company continued to be the provision of supply chain finance.

**Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alexander Greensill

Peter Greensill

(Resigned 22 January 2018)

Jason Austin

Maurice Thompson

(Resigned 22 January 2018)

Roland Hartley-Urquhart

(Resigned 22 January 2018)

David Brierwood

(Resigned 22 January 2018)

Patrick Allin

(Resigned 22 January 2018)

William Crothers

**Auditor**

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

**Greensill Capital (UK) Limited**

**Directors' report (continued)**

**For the year ended 31 December 2017**

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
Alexander Greensill

Director

Date: 28 June 2018

## **Greensill Capital (UK) Limited**

### **Independent auditor's report**

**To the members of Greensill Capital (UK) Limited**

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#### **Opinion**

We have audited the financial statements of Greensill Capital (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

#### **Basis for opinion**

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

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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

## **Greensill Capital (UK) Limited**

### **Independent auditor's report (continued)**

**To the members of Greensill Capital (UK) Limited**

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#### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

#### **Responsibilities of directors**

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

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



**Greensill Capital (UK) Limited**

**Independent auditor's report (continued)**

**To the members of Greensill Capital (UK) Limited**

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

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

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



**Michael Di Leto (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

*28 June 2018*

**Chartered Accountants**  
**Statutory Auditors**

71 Queen Victoria Street  
London  
EC4V 4BE

**Greensill Capital (UK) Limited**

**Statement of comprehensive income  
For the year ended 31 December 2017**

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		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Revenue</b>	<b>4</b>	<b>115,850</b>	<b>42,074</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>115,850</b>	<b>42,074</b>
Other operating income	<b>4</b>	<b>4,725</b>	<b>-</b>
Administrative expenses		<b>(86,069)</b>	<b>(99,477)</b>
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<b>5</b>	<b>34,506</b>	<b>(57,403)</b>
Investment revenues	<b>7</b>	<b>108</b>	<b>28</b>
Finance costs	<b>8</b>	<b>(1,640)</b>	<b>(3,017)</b>
		<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>		<b>32,974</b>	<b>(60,392)</b>
Income tax (expense)/income	<b>9</b>	<b>(1,030)</b>	<b>5,957</b>
		<hr/>	<hr/>
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>31,944</b>	<b>(54,435)</b>
		<hr/>	<hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

**Greensill Capital (UK) Limited**

**Statement of financial position  
As at 31 December 2017**

	Notes	2017 US\$'000	2016 US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	1,237	1,128
Investments	10	58,986	54,256
Deferred tax asset	15	7,395	6,530
		<u>67,618</u>	<u>61,914</u>
<b>Current assets</b>			
Trade and other receivables	13	188,474	16,682
Cash and cash equivalents		112,830	73,992
		<u>301,304</u>	<u>90,674</u>
<b>Total assets</b>		<u>368,922</u>	<u>152,588</u>
<b>Current liabilities</b>			
Trade and other payables	14	268,178	117,681
Current tax liabilities		1,895	-
		<u>270,073</u>	<u>117,681</u>
<b>Net current assets</b>		<u>31,231</u>	<u>(27,007)</u>
<b>Total liabilities</b>		<u>270,073</u>	<u>117,681</u>
<b>Net assets</b>		<u>98,849</u>	<u>34,907</u>
<b>Equity</b>			
Called up share capital	16	13	11
Share premium account	17	134,773	102,777
Other reserves		(9,960)	(9,960)
Retained earnings		(25,977)	(57,921)
<b>Total equity</b>		<u>98,849</u>	<u>34,907</u>

The financial statements were approved by the board of directors and authorised for issue on 26.6.18 and are signed on its behalf by:

Alexander Greensill  
Director

Company Registration No. 08126173

**Greensill Capital (UK) Limited**

**Statement of changes in equity  
For the year ended 31 December 2017**

		Share capital	Share premium account	Other reserves	Retained earnings	Total
	Notes	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2016</b>		<u>7</u>	<u>64,994</u>	<u>(9,960)</u>	<u>(3,486)</u>	<u>51,555</u>
<b>Year ended 31 December 2016:</b>						
Loss and total comprehensive income for the year		-	-	-	(54,435)	(54,435)
Issue of share capital	16	<u>4</u>	<u>37,783</u>	<u>-</u>	<u>-</u>	<u>37,787</u>
<b>Balance at 31 December 2016</b>		<u>11</u>	<u>102,777</u>	<u>(9,960)</u>	<u>(57,921)</u>	<u>34,907</u>
<b>Year ended 31 December 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	31,944	31,944
Issue of share capital	16	<u>2</u>	<u>31,996</u>	<u>-</u>	<u>-</u>	<u>31,998</u>
<b>Balance at 31 December 2017</b>		<u>13</u>	<u>134,773</u>	<u>(9,960)</u>	<u>(25,977)</u>	<u>98,849</u>

**Greensill Capital (UK) Limited**

**Statement of cash flows**

**For the year ended 31 December 2017**

	Notes	US\$'000	2017 US\$'000	US\$'000	2016 US\$'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	23		13,359		37,439
Interest paid			(1,640)		(3,017)
<b>Net cash inflow from operating activities</b>			<b>11,719</b>		<b>34,422</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(257)		(242)	
Purchase of investments		(4,730)		(7,961)	
Interest received		108		28	
<b>Net cash used in investing activities</b>			<b>(4,879)</b>		<b>(8,175)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		31,998		37,787	
<b>Net cash generated from financing activities</b>			<b>31,998</b>		<b>37,787</b>
<b>Net increase in cash and cash equivalents</b>			<b>38,838</b>		<b>64,034</b>
Cash and cash equivalents at beginning of year			73,992		9,958
Cash and cash equivalents at end of year			<u>112,830</u>		<u>73,992</u>

## **Greensill Capital (UK) Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2017**

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#### **1 Accounting policies**

##### **Company information**

Greensill Capital (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is One Southampton Street, Covent Garden, London, WC2R 0LR.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis, unless otherwise stated. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Greensill Capital (UK) Limited is a wholly owned subsidiary of Greensill Capital Pty Limited and the results of Greensill Capital (UK) Limited are included in the consolidated financial statements of Greensill Capital Pty Limited which are available from Level 1, 62-66 Woondooma Street, Bundaberg, QLD 5670, Australia.

##### **1.2 Going concern**

The Company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The directors have prepared the financial information on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. Should the going concern assumption no longer remain valid the carrying value of the Company's assets will need to be assessed for impairment and the balance sheet will need to be prepared on a break-up basis.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**1 Accounting policies (continued)**

**1.3 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

**Supply chain finance revenue**

Revenue of the company is derived from supply chain finance either as interest recognised using the effective interest method on assets retained by the company, or as gains on originating assets which are then distributed.

**Rendering of services**

The company also earns structuring fees in relation to the provision of SCF facilities. The company recognises revenue when the amount of the revenue can be reliably measured and when it is probable that economic benefits will flow to the entity. Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated, then revenue is recognised to the extent of expenses recognised that are recoverable.

**1.4 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the length of the lease
Fixtures, fittings & equipment	over 4 years
Plant and machinery	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.5 Non-current investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**1 Accounting policies (continued)**

**1.6 Impairment of non-financial assets**

At each reporting end date, the company reviews the carrying amounts of its non-financial assets that are normally subject to amortisation or depreciation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



**1 Accounting policies (continued)**

**1.9 Financial instruments**

**Recognition, initial measurement and derecognition**

The origination, purchases or sale of financial assets are recognised on the trade date – being the date on which the company commits to purchase or sell the asset. Initial recognition is recorded at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the company has transferred substantially all risks and rewards of ownership.

**Financial assets**

Financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition:

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

**Available-For-Sale ('AFS') financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**1.10 Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

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**1 Accounting policies (continued)**

***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Taxation**

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

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**1 Accounting policies (continued)**

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is also dealt with in 'other comprehensive income'. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1 Accounting policies (continued)**

**1.14 Impairment of loans and receivables**

Loans and receivables are assessed for indicators of impairment at each reporting end date.

Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loans and receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**1.15 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events, and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 2 Adoption of new and revised standards and changes in accounting policies

### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IAS 40	Transfers of Investment Property
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 17	Insurance Contracts
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures

The directors have assessed the impact of the standards in issue but not yet effective and have noted below their conclusions on the key new standards.

#### *IFRS 9 Financial Instruments*

IFRS 9, issued in July 2014, is effective for all accounting periods beginning on or after 1 January 2018. A detailed description of the standard is available on the IFRS website: <http://www.ifrs.org/issued-standards/list-of-standards/ifrs-9-financial-instruments/>

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and amends the guidance in IAS 39 that governs classification and measurement of financial instruments. IFRS 9 retains three primary measurement categories for financial assets being: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The entity's business model objective for the relevant financial assets and financial liabilities is the key driver for determination of classification.

An expected credit losses model replaces the incurred loss impairment model used in IAS 39. For financial liabilities designated at fair value through profit or loss, changes in own credit risk are now recorded in other comprehensive income.

The company anticipates that the classification and measurement basis for its financial assets and liabilities will be largely unchanged by adoption of IFRS 9. The main impact of adopting IFRS 9 is likely to arise from the implementation of the expected loss model.

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

IFRS 15 (latest amendment issued in April 2016) introduces a new standard for the recognition of revenue from contracts with customers. It is effective for all accounting periods beginning on or after 1 January 2018. A detailed description of the standard is available on the IFRS website: <http://www.ifrs.org/issued-standards/list-of-standards/ifrs-15-revenue-from-contracts-with-customers/>

**2 Adoption of new and revised standards and changes in accounting policies (continued)**

IFRS 15 establishes criteria which govern revenue recognition in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue should not be recognised until a customer obtains control of a good or service, can use and obtain the benefits from the good or service. Variable consideration is included in the transaction price to the extent that it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved.

**3 Critical accounting judgements and key sources of estimation uncertainty**

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

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

The significant judgements, estimates and assumptions made have been described below:

**Critical judgements**

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgement as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future economic conditions.

**Impairment of property, plant and equipment**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

**Key sources of estimation uncertainty**

**Receivables**

The receivables at the reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. An impairment provision is based on the best information at the reporting date.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

**Fair Value of Financial Instruments**

The company has certain financial assets and liabilities which are measured at fair value. Where fair value is not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimate and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

**Revenue Recognition - Long Term Contracts**

The company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

4 Revenue

An analysis of the company's revenue is as follows:

	2017 US\$'000	2016 US\$'000
<b>Revenue analysed by class of business</b>		
Income from SCF products	103,791	38,769
Other income	12,053	2,488
Interest received	6	817
	<u>115,850</u>	<u>42,074</u>

	2017 US\$'000	2016 US\$'000
<b>Other significant revenue</b>		
Interest income	108	28
Interest income from group companies	4,725	-
	<u>4,833</u>	<u>28</u>

5 Operating profit/(loss)

	2017 US\$'000	2016 US\$'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	95	100
Depreciation of property, plant and equipment	149	131
	<u>244</u>	<u>231</u>

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**6 Employees**

There were no employees during the year apart from the directors.

**7 Investment income**

	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest income		
Other interest income	108	28
	<u>          </u>	<u>          </u>

**8 Finance costs**

	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Other interest payable	1,640	3,017
	<u>          </u>	<u>          </u>



**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**9 Income tax expense**

	2017 US\$'000	2016 US\$'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,895	-
<b>Deferred tax</b>		
Deferred tax charge/(credit)	(865)	(5,957)
<b>Total tax charge/(credit)</b>	<b>1,030</b>	<b>(5,957)</b>

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017 US\$'000	2016 US\$'000
Profit/(loss) before taxation	32,974	(60,392)
Expected tax charge/(credit) based on a corporation tax rate of 19.25%	6,347	(12,078)
Utilisation of tax losses not previously recognised	(5,317)	-
Unutilised tax losses carried forward	-	6,121
<b>Taxation charge/(credit) for the year</b>	<b>1,030</b>	<b>(5,957)</b>

**10 Investments**

	<b>Current</b>		<b>Non-current</b>	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Investments in subsidiaries	-	-	58,986	54,256

During 2017, the company acquired 11,936,000 number of C shares in GAM Greensill SCF SCSp in consideration for assuming a matching payment obligation amount due of \$1,207,438,000. The C Shares are recognised as a held to maturity investment in accordance with the financial instrument recognition policies, and the payment obligation meets the criteria for recognition as a financial liability. These amounts are set off in accordance with the criteria detailed in paragraph 42 of IAS 32 resulting in a net carrying value of \$nil.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**11 Property, plant and equipment**

	Leasehold improvements US\$'000	Art work US\$'000	Office equipment US\$'000	Total US\$'000
<b>Cost</b>				
At 1 January 2016	370	227	499	1,096
Additions	59	(15)	198	242
	<u>429</u>	<u>212</u>	<u>697</u>	<u>1,338</u>
At 31 December 2016	429	212	697	1,338
Additions	-	193	64	257
	<u>429</u>	<u>405</u>	<u>762</u>	<u>1,596</u>
At 31 December 2017	429	405	762	1,596
<b>Accumulated depreciation and impairment</b>				
At 1 January 2016	40	-	39	79
Charge for the year	(5)	-	136	131
	<u>35</u>	<u>-</u>	<u>175</u>	<u>210</u>
At 31 December 2016	35	-	175	210
Charge for the year	21	-	128	149
	<u>56</u>	<u>-</u>	<u>303</u>	<u>359</u>
At 31 December 2017	56	-	303	359
<b>Carrying amount</b>				
At 31 December 2017	<u>373</u>	<u>405</u>	<u>459</u>	<u>1,237</u>
At 31 December 2016	<u>394</u>	<u>212</u>	<u>522</u>	<u>1,128</u>
At 31 December 2015	<u>330</u>	<u>227</u>	<u>459</u>	<u>1,016</u>

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**12 Subsidiaries**

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Greensill Bank AG	Germany	100.00	100.00	Banking
Greensill Capital Securities Limited	England & Wales	100.00	100.00	Financing
GAM Greensill Supply Chain Finance Fund SCSp	Luxembourg	0.01	100.00	Financing
GAM Greensill Supply Chain Finance Fund Plus SCSp	Luxembourg	0.003	100.00	Financing
GAM Greensill Absolute Return SCF Fund SCSp	Luxembourg	0.002	100.00	Financing

**13 Trade and other receivables**

	Current 2017 US\$'000	2016 US\$'000
Trade receivables	28,876	12,184
Other receivables	3,542	735
Amounts due from fellow group undertakings	136,708	253
Prepayments and accrued income	19,348	3,510
	<u>188,474</u>	<u>16,682</u>

The directors consider that the carrying amount of receivables approximates to their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

**14 Trade and other payables**

	<b>Current</b>	
	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Trade payables	4,430	13,104
Amounts due to fellow group undertakings	238,882	38,428
Accruals	11,918	6,533
Other payables	12,948	59,616
	<u>268,178</u>	<u>117,681</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

**15 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Accelerated capital allowances</b>	<b>Tax losses</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Deferred tax asset at 1 January 2016	(83)	656	573
<b>Deferred tax movements in prior year</b>			
Credit to profit or loss	83	5,874	5,957
Deferred tax asset at 31 December 2016	-	6,530	6,530
<b>Deferred tax movements in current year</b>			
Charge to profit or loss	-	865	865
Deferred tax asset at 31 December 2017	-	7,395	7,395

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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<b>16</b>	<b>Share capital</b>	<b>2017</b>	<b>2016</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Ordinary share capital</b>		
	<b>Authorised, issued and fully paid</b>		
	1,347,865 Ordinary dollar shares of US\$0.01 each	<u>13</u>	<u>11</u>

On 29 September 2017, 320,000 Ordinary dollar shares of US\$0.01 each were issued at US\$100 per share.

<b>17</b>	<b>Share premium account</b>	<b>2017</b>	<b>2016</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>At 1 January 2017</b>	102,776	64,994
	<b>Issue of new shares</b>	<u>31,997</u>	<u>37,783</u>
	<b>At 31 December 2017</b>	<u>134,773</u>	<u>102,777</u>

**18 Capital risk management**

The company is not subject to any externally imposed capital requirements.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

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**19 Operating lease commitments**

**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017 US\$'000	2016 US\$'000
Minimum lease payments under operating leases	614	573

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 US\$'000	2016 US\$'000
Within one year	469	329
Between two and five years	1,876	1,707
In over five years	964	1,304
	3,309	3,340

Operating lease payments represent rentals payable by the company for certain of its office properties with lease terms of 10 years under agreements with clauses for regular market rental reviews. The Company does not have an option to purchase the property at the expiry of the lease period. There are no contract terms which imply any contingent rent payable under these arrangements.

**20 Controlling party**

The immediate and ultimate parent company is Greensill Capital Pty Limited, a company registered in Australia.

The directors consider Alexander Greensill to be the ultimate controlling party.

**21 Related party transactions**

**Remuneration of key management personnel**

Key management personnel, including all directors, received \$3,815,171 (2016: \$1,994,705) during the year in respect of services to the company. Of this, \$754,319 (2016: \$193,086) was paid direct by the company, with the remaining \$3,060,582 (2016: \$1,801,619) being paid by a fellow subsidiary undertaking and then recharged as a management fee to the company.

**Other transactions with related parties**

During the year the company was charged management fees of \$29,070,698 (2016: \$16,894,757) by fellow subsidiary undertakings of the parent company; these fees related principally to employee salaries, bonuses and travel and accommodation.

During the year the company was charged management fees of \$1,967,300 (2016: \$2,290,879) by the parent company.

During the year the company charged interest of \$4,724,977 (2016: \$nil) to the parent company.

At 31 December 2017 the company was owed \$154,080 (2016: \$141,180) by fellow subsidiary undertakings of the parent company, and \$157,934 (2016: \$111,820) by subsidiary undertakings.

At 31 December 2017 the company was owed \$136,396,264 (2016: \$16,256,362 owed to) by the parent company.

At 31 December 2017 the company owed \$238,881,818 (2016: \$22,171,621) to fellow subsidiary undertakings of the parent company.

## Greensill Capital (UK) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2017

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#### 22 Financial risk management

The main risks arising from the company's financial instruments are liquidity risk and currency risk. The Group is exposed to no material credit risk. The directors review and agree policies for managing these risks and these are summarised below. Short-term debtors and creditors have been excluded from all the following disclosures:

##### *(a) Liquidity risk*

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit as and when the directors deem appropriate.

##### *(b) Currency risk*

The company is exposed to foreign exchange risk. Foreign exchange risk is mitigated through taking swap positions and holding foreign currency cash reserves.

##### *(c) Credit risk*

Credit risk is managed through the use of trade insurance.

##### *(d) Fair values*

The fair values of the company's financial instruments are considered to be equal to their book value.

#### 23 Cash generated from operations

	2017 US\$'000	2016 US\$'000
Profit/(loss) for the year after tax	31,944	(54,435)
<b>Adjustments for:</b>		
Taxation charged/(credited)	1,030	(5,957)
Finance costs	1,640	3,017
Investment income	(108)	(28)
Depreciation and impairment of property, plant and equipment	149	131
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(171,793)	21,533
Increase in trade and other payables	150,497	73,178
<b>Cash generated from operations</b>	<b>13,359</b>	<b>37,439</b>