

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**

**Company number: 08819010**

**Annual report and financial statements  
for the year ended 30 September 2019**



**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
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**IMPAX ASSET MANAGEMENT (AIFM) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019  
COMPANY INFORMATION**

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**Directors** J Keith R Falconer  
Ian R Simm  
Bruce Jenkyn-Jones  
Charles D Ridge  
Peter V E Rossbach  
Joseph Keefe

**Secretary** Zack Wilson

**Company number** 08819010

**Registered office** 7<sup>th</sup> Floor  
30 Panton Street  
London  
SW1Y 4AJ

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Corporate strategy**

Impax is a specialist asset manager investing in the transition to a more sustainable global economy and seeks to be the leading investment manager in this area. Impax establishes and seeks to grow a small number of scalable products and to sustain excellent investment performance and markets these products predominantly to larger investors who can deploy a significant quantity of capital. To achieve these objectives, the Company recognises the importance of attracting outstanding investment talent and retaining a core senior management team whose interests are aligned with those of shareholders.

**Principal activities and review of the business**

The principal activity of Impax Asset Management (AIFM) Limited ("the Company") during the year was that of investment manager to an investment trust and to other funds classified as Alternative Investment Funds ("AIFs").

Impax Asset Management Group plc (the "Parent Company" or the "Group") and Impax Asset Management Limited, a fellow subsidiary company, act as service providers for the wider Impax Group and make charges to the Company for the services provided.

**Key performance indicators**

The Directors consider assets under management ("AUM"), turnover and profitability to be the key performance indicators of the Company. Turnover for the year was £12,832,000 and profit before tax was £3,492,000 (2018: £13,613,000 and £3,223,000 respectively). At 30 September 2019 the Company had AUM of £1,207 million (2018: £1,069 million).

**Results and dividends**

The results for the period under review are set out on page 10. The net asset position of the Company is set out on page 11. The Company did not pay any Dividends during the year ended 30 September 2019 (2018: £3,000,000).

**Principal risks and uncertainties**

The Company is exposed to a variety of financial and operational risks as detailed below.

**Reputational risk**

Reputational risk can arise from any of the key risks described below and relates to the Company's brand and relationships with stakeholders. Integrity and appropriate conduct are an integral part of the Company's culture and values, and all business dealings. In addition, the controls below help to mitigate the risk of incidents that may have a reputational impact

**Market risk**

The Company's Listed Equity business charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Company operates a number of strategies which are diversified by geography and industry, and it has a defined investment process that has to be followed. All investments are overseen by the Listed Equity Investment Committee.

**Currency risk**

The Company receives part of its income in foreign currency and an element of its costs are incurred in foreign currencies. A proportion of its assets and liabilities are also denominated in foreign currency. The Company's strategy has been to put in place hedges in the form of forward rate contracts where there is sufficient predictability over the income to allow for an effective and

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued***

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**Principal risks and uncertainties *continued***

cost-efficient hedge, or otherwise to convert the foreign currency income to Sterling as soon as possible after receipt

***Business expansion***

The acquisition in Q1 2018 of Impax Asset Management LLC (Impax NH) by the Impax Group has exposed the Company to new integration risks. To manage this risk, the existing management and internal control frameworks have remained in place following the acquisition and have been incorporated into Group-wide governance structures.

***Liquidity and cash flow risk***

Impax Asset Management Group plc produces consolidated cash flows forecast for a twelve-month period to manage its liquidity requirements. These forecasts are subject to regular review by management. As part of this process the liquidity requirements of the Company are considered. The Company is also required to comply with the capital requirements of the Financial Conduct Authority and monitors this on a regular basis.

***Credit risk***

The Company is exposed to the risk of counterparty default from banks and other institutions holding the Company's cash reserves. To manage this risk, the Company deposits cash with institutions that have high credit ratings and by allocating its cash holdings amongst two institutions.

***Legal, regulatory and compliance risk***

The Company's operations are subject to financial regulations, including minimum capital requirements and compliance procedures in each of the markets in which it operates. The Company seeks to manage these risks by ensuring close monitoring of compliance with the regulations and by tracking proposed changes and reacting immediately when changes are required. The Company has a dedicated Compliance team. The Company is actively monitoring Brexit negotiations and will act promptly following any developments which impact the business model.

***Operational risk***

The Company has established a control framework so that the risk of financial loss to the Company through operational failure is minimised. Furthermore, the Company has in place measures to minimise and manage possible risks of disruption to its business and to ensure the safety of its staff. This plan has been put in place to manage its strategic and operational business risks in the case of an emergency and is aimed at bringing together particular responses such as IT disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer and staff communications.

The Company also has insurance cover which is reviewed each year prior to renewal.

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued***

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**Principal risks and uncertainties *continued***

***Cyber Risk***

The Company has put in place measures to minimise and manage possible technology risks and to ensure the safety of data and General Data Protection Regulation compliance. Information and cyber security is enforced throughout the business. This ensures hardware such as laptops and mobile devices are fully protected. All staff receive regular cyber awareness training in addition

external and internal penetration tests are carried out on an annual basis. The company also carries out company-wide phishing tests.

On behalf of the Board



.....  
Charles D Ridge

**Director**

**Date:** 23/01/2020

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019  
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The Directors present their report and financial statements for the year ended 30 September 2019.

**Political and charitable donations**

The Company did not make any donations to either political parties or charitable organisations during the year (2018: £nil).

**Directors**

The following Directors held office during the year:

J Keith R Falconer	Ian R Simm
Bruce Jenkyn-Jones	Charles D Ridge
Peter V E Rossbach	Joseph Keefe

**Directors' interests**

None of the Directors hold any shares in Impax Asset Management (AIFM) Limited. J Keith R Falconer and Ian R Simm are Directors of the ultimate Parent Company, Impax Asset Management Group plc and their interest in the shares of that company are disclosed in its annual report.

**Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The Directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued***

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**Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements *continued***

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

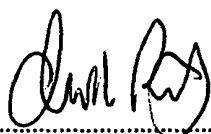
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of disclosure to auditor**

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

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he has taken all the steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



.....  
Charles D Ridge  
Director  
Impax Asset Management (AIFM) Limited  
7<sup>th</sup> Floor  
30 Panton Street  
London  
SW1Y 4AJ

Date: 23/01/2020



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LTD**

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### **Opinion**

We have audited the financial statements of Impax Asset Management (AIFM) Limited ("the company") for the year ended 30 September 2019 which comprise the Income statement, Statement of other comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to Britain exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LTD**

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

### **Strategic report and Directors' report**

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

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

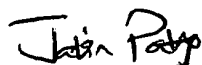
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT  
(AIFM) LTD**

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A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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



**Jatin Patel (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

23 January 2020

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Notes	2019 £000s	2018 £000s
Revenue	2	12,832	13,613
Operating costs	3	(9,354)	(10,419)
Other financial income/(loss)	4	14	29
<b>Profit before tax</b>		<b>3,492</b>	<b>3,223</b>
Taxation	5	(657)	(658)
<b>Profit on ordinary activities after taxation</b>		<b>2,835</b>	<b>2,565</b>

**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Notes	2019 £000s	2018 £000s
<b>Profit for the year</b>		<b>2,835</b>	<b>2,565</b>
Increase/(decrease) in value of cashflow hedges		(13)	(67)
Tax on change in valuation of cashflow hedges	5	2	8
<b>Total other comprehensive income/(loss)</b>		<b>(11)</b>	<b>(59)</b>
<b>Total comprehensive income for the year</b>		<b>2,824</b>	<b>2,506</b>


The above statements have been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**  
**Company number: 08819010**

	Notes	2019 £000s	2018 £000s
<b>Assets</b>			
Trade and other receivables	6	16,170	13,133
Deferred tax asset	5	13	110
Cash invested in money markets funds and long-term deposit accounts		2,742	2,724
Cash and cash equivalents		2,795	2,043
<b>Total current assets</b>		<b>21,720</b>	<b>18,010</b>
<b>Total assets</b>		<b>21,720</b>	<b>18,010</b>
<b>Equity and liabilities</b>			
Called up share capital	8	25	25
Share premium		2,475	2,475
Hedging reserve		(54)	(43)
Retained earnings		5,780	2,945
<b>Total equity</b>		<b>8,226</b>	<b>5,402</b>
Trade and other payables	7	10,618	10,712
Derivative liability		65	54
<b>Total current liabilities</b>		<b>10,683</b>	<b>10,766</b>
Deferred tax liability	5	2,811	1,842
<b>Total non-current liabilities</b>		<b>2,811</b>	<b>1,842</b>
<b>Total equity and liabilities</b>		<b>21,720</b>	<b>18,010</b>

These financial statements were approved by the Board of Directors on 25 January 2020 and signed on its behalf by



Charles D Ridge  
**Director**

The notes on pages 14 to 23 form part of these financial statements.

IMPAX ASSET MANAGEMENT (AIFM) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £000s	Share premium reserve £000s	Hedging reserve £000s	Retained earnings £000s	Total £000s
As at 30 September 2017	25	2,475	16	3,380	5,896
Profit for the year	-	-	-	2,565	2,565
Dividends paid	-	-	-	(3,000)	(3,000)
Cash flow hedge	-	-	(67)	-	(67)
Tax on cash flow hedge (note 5)	-	-	8	-	8
<b>As at 30 September 2018</b>	<b>25</b>	<b>2,475</b>	<b>(43)</b>	<b>2,945</b>	<b>5,402</b>
Profit for the year	-	-	-	2,835	2,835
Cash flow hedge	-	-	(13)	-	(13)
Tax on cash flow hedge (note 5)	-	-	2	-	2
<b>As at 30 September 2019</b>	<b>25</b>	<b>2,475</b>	<b>(54)</b>	<b>5,780</b>	<b>8,226</b>

The notes on pages 14 to 23 form part of these financial statements.

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Notes	2019 £000s	2018 £000s
<b>Operating activities</b>			
Profit before taxation		3,492	3,223
<i>Adjustments for</i>			
Investment income	4	(14)	(22)
<b>Operating cash flows before movement in working capital</b>		<b>3,478</b>	<b>3,201</b>
Increase in receivables		(2,626)	(2,684)
(Decrease)/increase in payables		(94)	4,100
<b>Cash generated from operations</b>		<b>758</b>	<b>4,617</b>
Corporation tax paid		-	-
<b>Net cash generated from operating activities</b>		<b>758</b>	<b>4,617</b>
<b>Investing activities</b>			
Investment income received	4	14	22
Increase in cash held in money market funds and long-term deposit accounts		(20)	(11)
<b>Net cash generated from/(used in) investing activities</b>		<b>(6)</b>	<b>11</b>
<b>Financing activities</b>			
Dividends paid		-	(3,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(3,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>752</b>	<b>1,628</b>
Cash and cash equivalents at the beginning of the year		2,043	415
<b>Cash and cash equivalents at the end of the year</b>		<b>2,795</b>	<b>2,043</b>

The notes on pages 14 to 23 form part of these financial statements.

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**1. Accounting policies**

**1.1 Reporting entity**

Impax Asset Management (AIFM) Ltd ("the Company") is incorporated and domiciled in the UK. These financial statements present information about the Company which is a wholly-owned subsidiary undertaking of Impax Asset Management Group plc (the "Parent Company" or the "Group"), a company registered in England and Wales.

**1.2 Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use by the European Union. See note 13 for details of new accounting standards adopted.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Company.

The financial statements have been prepared under the historical cost convention, with the exception of derivatives being measured at fair value.

The financial statements are presented in Sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

**1.3 Revenue**

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

**1.4 Interest**

Interest receivable is recognised using the effective interest method as it accrues.



**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued***

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**1. Accounting policies *continued***

**1.5 Derivatives**

The Company uses foreign exchange forward contracts as a hedge against the foreign exchange risk on future income denominated in foreign currencies. At the balance sheet date these derivative contracts are recorded at their fair value. In instances where the hedge accounting criteria are met changes in the fair value are recorded in equity. The amounts recognised in equity are reclassified to income when the gains or losses on the hedged item crystallise.

**1.6 Taxation**

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from "profit before tax" as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible in the current year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

**1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or if hedged forward at the hedged rate. All differences are taken to the income statement.

**2. Revenue**

The total revenue of the Company for the period has been derived from its principal activity being the provision of investment management services, an activity wholly undertaken in the United Kingdom.

Analysis of revenue by location of customers:

	2019 £000s	2018 £000s
UK	10,825	12,103
Rest of world	2,007	1,510
	<b>12,832</b>	<b>13,613</b>

Revenue from three of the Company's customers individually represented more than 10% of Company revenue equating to £5,179,000, £4,582,000 and £2,007,000 (2018: four equating to £6,026,000, £4,430,000, £1,646,000 and £1,511,000).

Revenue for the current and prior year was all derived from related parties.

**IMPAX ASSET MANAGEMENT (AIFM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019 *continued***

**3. Operating costs**

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
Charges from other Group companies	<b>8,985</b>	<b>9,945</b>
Other costs	<b>369</b>	<b>474</b>
	<b>9,354</b>	<b>10,419</b>

Auditor's remuneration in respect of the audit of the financial statements of £5,250 (2018: £5,250) was borne by Impax Asset Management Group plc.

The Company did not incur any employee costs as it does not directly employ any staff (2018: £nil).

**Directors' emoluments**

The emoluments of J Keith R Falconer and Ian R Simm are borne by the Parent Company. Full details of their emoluments are shown in the accounts of Impax Asset Management Group plc.

Charles D Ridge is also remunerated by Impax Asset Management Group plc.

The emoluments of Bruce Jenkyn-Jones are borne by Impax Asset Management Ltd and Peter V E Rossbach are borne by Impax Asset Management US LLC. The emoluments of Joseph Keefe are borne by Impax Asset Management LLC.

**4. Other financial income/(loss)**

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
Investment income	<b>19</b>	<b>22</b>
Foreign exchange (losses)/gains	<b>(5)</b>	<b>7</b>
	<b>14</b>	<b>29</b>

**5. Taxation**

**(a) Analysis of tax charge in the year**

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
<b>Current tax</b>		
UK Corporation tax	<b>(944)</b>	<b>(533)</b>
Adjustments in respect of previous periods	<b>533</b>	<b>(247)</b>
	<b>(411)</b>	<b>(780)</b>
<b>Deferred tax</b>		
Charge for the year	<b>1,068</b>	<b>1,438</b>
<b>Tax charge for the year</b>	<b>657</b>	<b>658</b>

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**5. Taxation *continued***

**(b) Factors affecting the tax charge for the year**

	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
Profit on ordinary activities before taxation	<b>3,492</b>	<b>3,223</b>
Tax effective rate of 19% (2018: 19%)	<b>663</b>	<b>612</b>
Effects of:		
Income not taxable in the period	<b>11</b>	<b>38</b>
Prior year adjustment	<b>(17)</b>	<b>8</b>
	<b>657</b>	<b>658</b>

**(c) Deferred tax**

	<b>Income not yet taxable £000s</b>	<b>Tax losses carried forward £000s</b>	<b>Other temporary differences £000s</b>	<b>Total £000s</b>
As at 1 October 2017	(651)	346	3	(302)
(Charge)/credit to the income statement	(1,191)	(247)	-	(1,438)
Credit to equity	-	-	8	8
As at 30 September 2018	(1,842)	99	11	(1,732)
(Charge)/credit to the income statement	(969)	(99)	-	(1,068)
Credit to equity	-	-	2	2
As at 30 September 2019	(2,811)	-	13	(2,798)

**6. Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
<b><i>Amounts falling due within one year</i></b>		
Trade receivables	-	268
Amounts owed by Group undertakings	<b>14,414</b>	<b>11,343</b>
Prepayments and accrued income	<b>1,756</b>	<b>1,522</b>
	<b>16,170</b>	<b>13,133</b>

All trade receivables, prepayments and accrued income are in respect of related parties.

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**6. Trade and other receivables *continued***

The ageing analysis of trade receivables at reporting date are as follows:

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
0-30 days	-	268
<i>Overdue, but not impaired:</i>		
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-
	-	268

**7. Trade and other payables**

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
<b><i>Amounts payable within one year</i></b>		
Amounts due to Group undertakings	<b>10,608</b>	10,507
Accruals and deferred income	<b>10</b>	205
	<b>10,618</b>	10,712

**8. Share capital**

	<b>2019</b> <b>£000s</b>	<b>2018</b> <b>£000s</b>
<b><i>Allotted, called up and fully paid</i></b>		
25,001 ordinary shares of £1 each	<b>25</b>	25

**9. Related party transactions**

INEI III Team Co-Investment LP, INEI III CIP LP, Impax New Energy Investors III LP, INEI III Co-Investment LP, Impax New Energy Investors III-B LP, Impax New Energy Investors III (Feeder) SLP and New Energy Investors III LP are all related parties of the Company by virtue of the INEI III GP (UK) LLP subsidiary being the General Partner to these funds.

BNP Paribas Asset Management Holding is a related party of the Company by virtue of owning a 24.48% equity-holding in the ultimate Parent Company, Impax Asset Management Group plc.

Funds managed by the Company or fellow subsidiary undertakings are related parties by virtue of the management contracts.

Transactions and balances with related parties and other Group companies are disclosed in notes 2, 3, 6, and 7.

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**10. Financial risk management**

Risk management is integral to the business of the Company. There are systems of controls in place to create an acceptable balance between the potential cost should such a risk occur and the cost of managing those risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Company's exposure to financial risks and describes the methods used by management to control such risk.

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their financial and contractual obligations to the Group, as and when they fall due. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets. The Company's primary exposure to credit risk relates to its cash and cash equivalents and cash in money market funds and long-term deposits that are placed with regulated financial institutions. The Group is also exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the ageing of these is provided in note 7.

**Foreign exchange**

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Company's income is denominated in Euro and US dollars. The Company's foreign exchange risk arises from income received in these currencies, together with an exposure to expenses in foreign currencies, principally US dollars.

The strategy of the Company for the year ended 30 September 2019 has been to convert earned income back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge.

At the year end the Company had outstanding forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as hedges against Euro income due and affect profit in October 2019, as well as January, April and July 2020. The fair value of these instruments at 30 September 2019 was £(65,000) which is recognised as a liability. £13,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

The Company's exposure to foreign exchange risk at 30 September 2019 was as follows:

	<b>EUR/GBP £000s</b>	<b>USD/GBP £000s</b>
<b>Assets</b>		
Trade and other receivables	-	1,160
Cash and cash equivalents	-	-
	-	<b>1,160</b>
<b>Liabilities</b>		
Trade and other payables	1,902	6
<b>Net exposure</b>	<b>(1,902)</b>	<b>1,154</b>

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**10. Financial risk management *continued***

**Foreign exchange *continued***

The Company's exposure to foreign exchange risk at 30 September 2018 was as follows:

	<b>EUR/GBP £000s</b>	<b>USD/GBP £000s</b>
<b>Assets</b>		
Trade and other receivables	-	377
Cash and cash equivalents	-	5
	-	<b>382</b>
<b>Liabilities</b>		
Trade and other payables	385	-
<b>Net exposure</b>	<b>(385)</b>	<b>382</b>

The following table demonstrates the estimated impact on Company post-tax profit and net assets caused by a 5 per cent variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	<b>Post-tax profit 2019 £000s</b>	<b>2018 £000s</b>
<b>Translation of significant foreign assets and liabilities</b>		
GBP strengthens against the EUR, up 5%	95	16
GBP weakens against the EUR, down 5%	(95)	(16)
GBP strengthens against the USD, up 5%	(58)	(15)
GBP weakens against the USD, down 5%	58	15

**Liquidity risk**

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at additional cost. The Company monitors its liquidity risk using cash flow forecasts taking into account the cash required to meet the Company's investment plans and its regulatory capital requirements.

At 30 September 2019 the Company had £5,537,000 in cash resources and a further £16,170,000 in receivables. This is £11,089,000 in excess of trade and other payables.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its interest-bearing assets, specifically cash balances that earn interest at a floating rate.

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**10. Financial risk management *continued***

**Financial assets and liabilities by category**

	Financial assets/liabilities measured at fair value £000s	Financial assets/liabilities measured at amortised cost £000s
<b>At 30 September 2019</b>		
<b>Financial assets</b>		
Trade and other receivables	-	14,414
Cash held in money market funds and long-term deposit accounts	2,742	-
Cash and cash equivalents	-	2,795
<b>Total financial assets</b>	<b>2,742</b>	<b>17,209</b>
<b>Financial liabilities</b>		
Trade and other payables	65	10,608
<b>At 30 September 2018</b>		
<b>Financial assets</b>		
Trade and other receivables	-	11,610
Cash held in money market funds and long-term deposit accounts	2,724	-
Cash and cash equivalents	-	2,043
<b>Total financial assets</b>	<b>2,724</b>	<b>13,653</b>
<b>Financial liabilities</b>		
Trade and other payables	54	10,712

**11. Commitments and contingencies**

On 18 January 2018 Impax Asset Management Group plc borrowed \$25 million from the Royal Bank of Scotland pursuant to a \$26 million debt facility agreement in connection with the Group's acquisition of Pax World Management LLC. The Company has agreed to provide security for such obligations through a debenture and act as a Guarantor under the debt facility agreement. As a Guarantor it is jointly and severally liable with other Guarantors (being fellow subsidiary undertakings) and has agreed that whenever amounts due under the debt facility agreement have not been paid by Impax Asset Management Group plc, the Company will immediately on demand pay that amount. At 30 September 2019 the debt had been fully repaid but the Group retains the ability to draw up to \$13 million under the facility.

**12. Immediate and ultimate Parent Company**

The immediate Parent Company and ultimate controlling undertaking is Impax Asset Management Group plc, an AIM-listed company registered in England and Wales. Copies of the financial statements of Impax Asset Management Group plc can be obtained from Companies House or online at [www.impaxam.com](http://www.impaxam.com).

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**13. New accounting standards**

*New standards, interpretations and amendments adopted during the year*

*IFRS 9 Financial Instruments*

IFRS 9 replaces the classification and measurement requirements previously contained in IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. In accordance with IFRS 9, the Company's financial assets and liabilities included in loans and receivables have been reclassified into amortised cost. Financial assets previously classified as fair value through profit or loss ("FVTPL") remain as FVTPL.

Trade and other payables principally comprise short-term settlement accounts, none of which are held for trading or meet the definition of items that could be carried at fair value. Such instruments have remained at amortised cost.

IFRS 9 requires hedge accounting relationships to be aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Under the new standard the assessment of effective hedges and the accounting policy has not changed.

The adoption of IFRS 9 has not had a significant impact on the Company.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

In considering the requirements of IFRS 15, the Company has reviewed its customer contracts to determine the performance obligations and the associated timing of income recognition in accordance with IFRS 15. In doing so, the Company has determined that the requirements of IFRS 15 in respect of these revenue sources are consistent with the Company's accounting policies under IAS 18, such that the adoption of IFRS 15 has not resulted in any significant impact to the Company.

*New standards not yet adopted*

IFRS 16 Leases has not been early adopted. The adoption will however have no effect on the Company.