MedAccess Guarantee Ltd
Annual Report and Financial Statements
For the year ended 31 December 2019

Company Number: 11080032

Contents

Directors' Report

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Directors

Michael Anderson	Appointed 23 November 2017
Clive MacTavish	Appointed 23 November 2017
Holger Walter Rothenbusch	Appointed 29 November 2017
Nigel Keen	Appointed 17 January 2018
Diana Noble	Appointed 30 April 2018
Egbe Osifo-Dawodu	Appointed 11 September 2018
Wilhelmus Verhoofstad	Appointed 11 September 2018
Daniel Camus	Appointed 1 April 2020

Principal activity

The principal activity of the Company is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia. The Company was incorporated on 23 November 2017.

Business and performance review

The Company is a wholly owned subsidiary of CDC Group plc. CDC Group plc made a US$200 million commitment to the Company, of which the full amount has been contributed as at 31 December 2019. The net income generated by the company is from short term investments and volume guarantee contracts.

The Company recorded a net income of US$3,347,137 for the period ended 31 December 2019 (2018: net loss US$272,100). The net asset value of the Company was US$205,257,180 at 31 December 2019 (2018: US$100,427,699).

Financial statements

The Company's principal financial assets (as defined in IFRS 7) comprise cash and investments, refer to note 13 for detail. The Company's Financial liabilities comprise amounts due to its parent company. Details are provided in note 10 of the financial statements. The company has taken advantage of section 414b of the Companies Act 2006 not to produce a strategic report on the grounds that it is a small company.

Proposed dividend

The Directors do not recommend payment of a dividend for the year (2018: US$nil).

Going concern

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements. The Directors have considered the implication of Brexit and have concluded that there will be no material impact on the Company. Following the year-end the Board has reviewed and evaluated the impact of COVID-19 to ensure that no going concern issues have arisen. Refer to note 15 for further information.

Subsequent events

There have been no material events since the reporting period that would require adjustment to these financial statements, refer to note 15 for detailed note.

Disclosure of information to auditor

So far as each Director is aware at the date of approval of this report, there is no relevant audit information of which the Company's auditor is unaware and each Director confirms that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of auditor

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

Approved by the Board of Directors on 15 September 2020 and signed on behalf of the Board on 17 September 2020

Nigel Keen

Nigel Keen
Chairman

Directors' Responsibilities Statement

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

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

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

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

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

Independent Auditor's Report to the Members of MedAccess Guarantee Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of MedAccess Guarantee Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual accounts, 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 respect of these matters.

Responsibilities of directors

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

Independent Auditor's Report to the members of MedAccess Guarantee Ltd

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Ghorzang Aziz (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 September 2020

Statement of Financial Position

At 31 December

	Notes	2019 US$	2018 US$
Assets			
Non-current assets			
Fixed assets	11	303,612	-
Deferred tax asset		49,202	
Volume guarantee contracts	2	408,763	-
		761,577	-
Current assets			
Short term investments	2	203,277,866	97,167,690
Trade and other receivables including prepayments	5	886,861	107,389
Cash and cash equivalents	3	330,875	3,152,620
		204,495,602	100,427,699
Total assets		205,257,179	100,427,699
Equity and liabilities			
Attributable to equity holders of the parent			
Issued capital	4	200,000,000	100,000,000
Accumulated income/(deficit)		3,075,037	(272,100)
		203,075,037	99,727,900
Non-current liabilities			
Long-term leases	11	309,475	-
Other payables	7	263,881	133,990
		573,356	133,990
Current liabilities			
Amounts due to parent company	9	7,584	381
Taxation payable	6	771,691	-
Trade and other payables	7	829,511	565,428
		1,608,786	565,809
Total liabilities		2,182,142	699,799
Total equity and liabilities		205,257,179	100,427,699

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

The accounts were approved by the members of the Board on 15 September 2020 and were signed on their behalf by:

Nigel Keen
Chairman

Michael Anderson
Chief Executive Officer

Registered in England No 11080032

Statement of Comprehensive Income

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Notes	2019 US$	2018 US$
Fair value gains on investment portfolio	2	**7,110,176**	623,223
Fair value gains on volume guarantee contracts	2	**1,162,198**	-
Administrative and other expenses	8	**(4,208,585)**	(2,314,563)
Income/(Expense) from operations before tax and finance costs		**4,063,788**	(1,691,340)
Finance income		**-**	1,744,467
Net foreign exchange differences		**5,839**	(325,227)
Income/(Expense) from operations before tax		**4,069,627**	(272,100)
Corporation tax charge	6	**(722,490)**	-
Total comprehensive income/(expense) for the year / period		**3,347,137**	(272,100)

All the above items are derived from continuing operations.

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

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

Statement of Cash Flows

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Notes	2019 US$	2018 US$
Cash flows from operating activities			
Income/(Expense) from operations before tax		**4,069,627**	(272,100)
Depreciation	11	**125,017**	-
Finance income		**-**	(1,744,467)
Fair value gains from investment portfolio	2	**(7,110,176)**	(623,223)
Foreign exchange movements		**(5,839)**	325,227
Loss from operations before changes in working capital		**(2,921,371)**	(2,314,563)
Increase in other receivables		**(779,472)**	(107,389)
Increase in long term lease liability		**309,475**	-
Movements in amounts due to parent company		**7,203**	381
Increase in trade and other payables		**393,974**	699,418
Cash flows (used in)/from operations		**(2,990,191)**	(1,722,153)
Fair value gains from volume guarantee portfolio		**(408,763)**	-
Bank interest received		**-**	1,744,467
Tax paid		**-**	-
Cash flows (used in)/from operating activities		**(3,398,954)**	22,314
Cash flows from investing activities			
Acquisition of short-term investments	2	**(99,000,000)**	(96,544,467)
Cash flows (used in) investing activities		**(99,000,000)**	(96,544,467)
Cash flows from financing activities			
Lease payment		**(428,629)**	-
Proceeds from the issue of ordinary shares		**100,000,000**	100,000,000
Cash flows from financing activities		**99,571,371**	100,000,000
Net increase in cash and cash equivalents		**(2,827,583)**	3,477,847
Cash and cash equivalents at 1 January		**3,152,620**	-
Effect of exchange rate fluctuations on cash held		**5,838**	**(325,227)**
Cash and cash equivalents at 31 December	3	**330,875**	**3,152,620**

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

Statement of Changes in Equity

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

	Share capital US$	Accumulated Income/(deficit) US$	Total US$
At 23 November 2017	-	-	-
Changes in equity for period to 31 December 2018			
Issued share capital	100,000,000	-	100,000,000
Total comprehensive expense for the period	-	(272,100)	(272,100)
At 31 December 2018	100,000,000	(272,100)	99,727,900
Changes in equity for 2019			
Issued share capital	**100,000,000**	**-**	**100,000,000**
Total comprehensive income for the year	**-**	**3,347,137**	**3,347,137**
At 31 December 2019	**200,000,000**	**3,075,037**	**203,075,037**

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

Notes to the Financial Statements

For the 12 months to 31 December 2019 and period 23 November 2017 to 31 December 2018

1. Corporate information and accounts preparation

Corporate information

The financial statements of MedAccess Guarantee Ltd (the Company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 15 September 2020. MedAccess Guarantee Ltd is a limited company incorporated on 23rd November 2017 in England and Wales, limited by shares. It is a wholly owned subsidiary of CDC Group plc, a public limited company incorporated in England and Wales. The Company's registered office is located at 123 Victoria Street, London SW1E 6DE, England. CDC Group plc acts as the intermediate parent and its financial statements are publicly available. The ultimate parent is the UK Government through the Foreign, Commonwealth & Development Office.

The principal activity of the Company is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia.

Statement of compliance

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

Basis of preparation

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

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

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. A summary of the significant accounting policies can be found in note 13.

Going concern

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements. The Directors have considered the implication of Brexit and have concluded that there will be no material impact on the Company. Following the year-end the Board has reviewed and evaluated the impact of COVID-19 to ensure that no going concern issues have arisen. Refer to note 15 for further information.

Notes to the Accounts

Continued

2. Assets

(i) Short term investments

The short term investments relate to the assets managed by PIMCO Europe Ltd, under an Investment Management Agreement.

	2019 US$	2018 US$
At 1 January, at fair value	**97,167,690**	-
Additions	**100,000,000**	96,544,467
Disposals	**(1,000,000)**	-
Fair value gains	**7,110,176**	623,223
At 31 December, at fair value	**203,277,866**	97,167,690

(ii) Volume guarantee contracts

The Company provides volume guarantee contracts that reduce commercial risk for medical manufacturers, allowing them to accelerate supplies into new markets at affordable and sustainable prices.

The Company classifies its volume guarantee contracts as derivative financial instruments.

The volume guarantee contracts are initially recognised at fair value at the date when the Company enters into derivative contract. At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the profit and loss statement.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not due to be realised or settled within 12 months. A derivative with remaining maturity that is less than 12 months and that is due to be realised or settled within 12 months is presented as current assets or current liabilities.

The Company's volume guarantee portfolio is summarised in the table below, and comprises two volume guarantee contracts as at 31 December 2019.

Volume guarantee contracts exposure	2019 US$	2018 US$
Opening net exposure	**-**	-
New volume guarantee contracts	**37,355,624**	-
Commitments discharged	**(10,891,025)**	-
Closing net exposure	**26,464,599**	-
Fair value	**408,763**	-

The exposure of new volume guarantee contracts underwritten during the year was $37.4 million (2018: $nil).

Volume guarantee contracts guarantee a certain volume of sales over a specified period. For any volume guarantee contract that the Company underwrites, the initial exposure for that contract is the maximum amount that the Company could be contractually obliged to pay out under that contract's terms. New contracts entered into in the course of the year are reported using the same approach.

The Company's commitments under the volume guarantee contracts are discharged as sales are achieved by guarantee counterparties. This is reported in the 'Commitments discharged' line, and for this year was $10.9 million (2018: $nil).

The resulting net exposure is the net total outstanding contractual exposure at year end, and for 2019 was $26.4 million (2018: $nil).

This information on exposure is presented independently, as it is an important measure by which the Company assesses its performance. This is different from the Fair Value of the volume guarantee contracts, which is shown separately and is explained in the following note.

Notes to the Accounts

Continued

2. Assets (continued)

Volume guarantee contracts – fair value
The net fair value gain of $408,763 (2018: $nil) for the volume guarantee contracts has been recognised in the profit and loss statement. The fair value calculation is detailed further on in Note 13.

	2019 US$	2018 US$
At 1 January	-	-
Fair value gains	1,162,198	-
Realised fees – volume guarantee contracts	(753,435)	-
At 31 December, at fair value	408,763	-

The most significant unobservable input into the Volume Guarantee Contracts (VGC) is the discount rate. The following sensitivity of the VGC's fair value is in respect of the discount rate, which is considered to be an unobservable input:

+1% increase in discount rate will lead to a decrease in Fair Value of $15,024.
-1% decrease in discount rate will lead to a decrease in Fair Value of $15,587.

At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the profit and loss statement.

3. Cash and cash equivalents

	2019 US$	2018 US$
Cash at bank and in hand	330,875	3,152,620
Total cash and cash equivalents	330,875	3,152,620

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is US$330,875 (2018: US$3,152,620).

4. Issued capital

	2019 US$	2018 US$
Authorised	200,000,000	100,000,000
Ordinary shares of US$1 each	200,000,000	100,000,000

	No. of shares	2019 US$	No. of shares	2018 US$
Allotted, called up and fully paid Ordinary shares				
At 1 January, Ordinary shares of US$1 each	100,000,000	100,000,000	-	-
Issued Ordinary shares of US$1 each	100,000,000	100,000,000	100,000,000	100,000,000
At 31 December, Ordinary shares of US$1 each	200,000,000	200,000,000	100,000,000	100,000,000

Notes to the Accounts

Continued

5. Other receivables

	2019 US$	2018 US$
Prepayments	-	1,413
VAT Recoverable	**43,376**	-
Other receivables	**843,485**	105,976
Total receivables	**886,861**	107,389

Other receivables include accrued income from guarantee fee income.

6. Corporation tax

	2019 US$	2018 US$
Current tax		
Current year charge / (credit)	**771,692**	-
Prior year charge / (credit)	-	-
	771,692	-
Deferred tax		
Current year charge / (credit)	**(49,202)**	-
Total income tax expense per the statement of comprehensive income	**722,490**	-

The UK Corporation tax rate is reconciled to the effective tax rate for the period as follows:

	2019 %	2018 %
UK Corporation rate	**(19.0)**	19.0
Effect of:		
Temporary timing differences	**0.3**	-
Recognition of deferred tax asset on temporary timing differences	**0.3**	-
Prior year unrecognised losses	**0.6**	(19.0)
Non-deductible expenditure	-	-
Effective tax rate for the year	**(17.8)**	-

The deferred tax asset recognised on temporary timing differences stated on the balance sheet is comprised as follows:

	Opening Balance	Current year movement	Closing balance
Provisions	-	49,202	49,202

7. Trade and other payables (current and non-current)

	2019 US$	2018 US$
Trade payables	**123,941**	13,825
Accruals	**705,570**	551,603
Total trade and other payables (current)	**829,511**	565,428
Other payables	**263,881**	133,990
Total other payables (non-current)	**263,881**	133,990

Notes to the Accounts

Continued

8. Administrative and other expenses

	Year to 31 December 2019 US$	Period to 31 December 2018 US$
Wages and salaries	**1,210,914**	543,599
Social security costs	**196,323**	53,699
Pension costs – defined contribution	**60,832**	46,926
Variable element of pay plan (VEPP)	**340,299**	267,980
Total employee benefits expense	**1,808,368**	912,204
Professional services	**1,117,008**	779,156
Auditor remuneration	**15,734**	10,891
Other administrative expenses	**1,267,475**	612,312
Total administrative and other expenses	**4,208,585**	2,314,563

The average monthly number of employees during the period was 6 (2018: 3). The Company operates a long-term incentive scheme called the Variable Element of Pay Plan (VEPP). The VEPP is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. Pay-out under the current plan is capped, limiting the maximum potential reward of all employees.

Auditors remuneration is for the statutory audit of the financial statements.

The aggregate of Directors' emoluments is presented below:

	Year to 31 December 2019 US$	Period to 31 December 2018 US$
Salaries, fees, bonuses and benefits in kind	**361,716**	331,734
Amounts receivable under long-term incentive plans	**60,800**	-
Total Directors' emoluments	**422,516**	346,087

One director is a member of the company's defined benefit pension plan.

The remuneration of the director, who is the key management personnel of the company is set out below:

	Year to 31 December 2019 US$	Period to 31 December 2018 US$
Salaries, fees, bonuses and benefits in kind	**269,843**	290,357
Amounts receivable under long-term incentive plans	**60,800**	-
Total Directors' emoluments	**330,643**	290,357

9. Related party transactions

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

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

Notes to the Accounts

Continued

9. Related party transactions (continued)

	2019 US$	2018 US$
Statement of comprehensive income		
Service level agreement fees	**(287,014)**	(316,523)
Statement of financial position		
Amounts due to CDC Group plc	**(7,584)**	(381)

10. Financial instruments

The Company's principal financial assets (as defined in IFRS 7) comprise of cash and short-term investment. Financial liabilities comprise amounts due to parent company.

Interest rate exposures

	Fixed rate US$	Floating rate US$	No interest US$	Total US$	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
Financial assets: Cash							
31 December 2019	**-**	**330,875**	**-**	**330,875**	**-**	**-**	**-**
31 December 2018	-	3,152,620	-	3,152,620	-	-	-

Currency exposures
The tables below show the Company's currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities that are not denominated in the Company's functional currency.

The following table shows the Company's foreign currency denominated cash balances:

Functional currency	2019 US$	2018 US$
Sterling	**302,561**	3,016,816
Total	**302,561**	3,016,816

Liquidity risk
The following tables show the maturity profile of the Company's financial assets and liabilities other than cash:

Financial assets: Maturity profile	2019 Short term investment US$	2018 Short term investment US$
On demand	**-**	97,167,690
Due within one year, but not on demand	**203,277,866**	-
Total	**203,277,866**	97,167,690

Financial liabilities: Maturity profile	2019 Amounts owed to parent company US$	2018 Amounts owed to parent company US$
Due within one year, but not on demand	**7,584**	381
Due between two and five years	**-**	-
Total	**7,584**	381

Notes to the Accounts

Continued

10. Financial instruments (continued)
The Company does not net off contractual amounts of financial assets and liabilities.

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

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

11. Leases

IFRS 16, Leases, which replaced IAS 17, Leases, was applied effective from 1 January 2019.

IFRS 16 applies to all leases except for licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38, Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41, Agriculture, and leases of minerals, oil, natural gas and similar non-regenerative resources.

IFRS 16 does not result in a significant change to lessor accounting; however, for lessee accounting there is no longer a distinction between operating and finance leases.

Lessees will be required to recognise both: 1) A lease liability, measured at the present value of remaining cash flows on the lease, and 2) A right of use asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The right of use asset will amortise to the income statement over the life of the lease.

There is a recognition exemption in IFRS 16 for short term leases and leases of low-value assets which allows the lessee to apply similar accounting as an operating lease under IAS 17.

MedAccess Guarantee Ltd has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets including IT equipment. MedAccess Guarantee Limited recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Additionally, MedAccess Guarantee Limited applies IFRS 16 on a modified retrospective basis and took advantage of the option not to restate comparative period.

The impact on adoption was an increase in property, plant and equipment of US$303,612, and an increase in other liabilities of US$309,475, with no material impact on retained earnings.

Property Plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	2019 US$	2018 US$
Property, plant and equipment owned	-	-
Right of use of assets	**428,629**	-
Total	**428,629**	-

Information about leases for which MedAccess Guarantee Limited is a lessee is presented below.

Right of use assets

	2019 US$	2018 US$
Balance at 1 January	-	-
Depreciation charged for the year	**125,017**	-
Balance at 31 December	**125,017**	-

Notes to the Accounts

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11. Leases (continued)

Lease Liabilities

	2019 US$	2018 US$
Non-current liabilities	**190,320**	-
Current liabilities	**119,155**	-
Non-current liabilities	**309,475**	-

	2019 US$	2018 US$
Interest on lease liabilities/finance costs	**9,436**	-
Depreciation	**125,017**	-
Total	**134,453**	-

The Company's lease agreement is in place until June 2021, monthly rental payments are GBP£18,370 increasing to GBP£18,920 from June 2020 to the end of the lease.

12. Financial risk management

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

Liquidity risk

The Company's policy on liquidity risk is to ensure that they always have sufficient funding to meet all short to medium-term funding requirements. The Company's cash balance at 31 December 2019 was US$330,875 (2018: US$3,152,620) and its capital commitments including long-term commitments were US$309,475 (2018: nil).

In preparing the sensitivity analysis a movement of 1% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 1% movement in the average interest rate with all other variables held constant would impact profit by US$3,026 (2018: 30,168).

Credit risk

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

	Notes	2019 US$	2018 US$
Cash and cash equivalents	3	**330,875**	3,152,620
Investments		**203,277,866**	97,167,690
Total		**203,608,741**	100,320,310

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

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

Market risk

Foreign currency risk

Exposure to currency risk arises in the normal course of the Company's activities. The Company has exposure to Sterling. The Company holds a cash balance in Sterling equivalent to US$302,561 (2018: US$3,016,816) as at 31 December 2019.

Notes to the Accounts

Continued

12. Financial risk management (continued)
In preparing the sensitivity analysis a movement of 10% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 10% movement in the average exchange rate for Sterling against US dollar with all other variables held constant would impact profit by US$30,256 (2018: 301,682).

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

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the Company's businesses.
- there are no externally imposed capital requirements.

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

13. Summary of significant accounting policies
The accounting policy for plant and equipment is not applicable to the Company other than leases detailed under note 11.

Non-current assets
Short term investments
The Company classifies its short-term investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition. Apart from loans and receivables, financial instruments are designated as fair value through profit and loss because the fair value of the investment portfolio is a key performance indicator for the Company.

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

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

The financial statements have been prepared at historical cost with the exception of the following items:

Items	Measurement Basis
Volume guarantee contracts	Fair value
Investment portfolio	Fair value
Leases	Fair value

Fair value is defined in IFRS 13 *Fair Value Measurement* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or the most advantageous market in the absence of a principal market) at the measurement date. In determining the fair value of a financial asset or liability, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs as far as possible.

Assets and liabilities measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair value, according to the following fair value hierarchy which distinguishes between observable and unobservable inputs:

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

Notes to the Accounts

Continued

13. Summary of significant accounting policies (continued)
For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between the Levels during the period and there were no changes in valuation techniques during the period.

Fair value is estimated by using a discounted cash flow analysis of the volume guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Volume guarantee contracts are categorised as Level 3 as significant unobservable inputs are utilised. Given the bespoke nature of volume guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations.

Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for volume guarantees existed, and it is reasonably possible that the difference could be material.

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

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

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

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

Critical accounting judgements
The preparation of financial statements in accordance with IFRS requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the individual financial statements, is the fair value of financial instruments under IFRS 9.

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

The fair value of Volume guarantee contracts is estimated by using a discounted cash flow analysis of the volume guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Given the bespoke nature of volume guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations. Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for volume guarantees existed, and it is reasonably possible that the difference could be material. Refer to note 2 for sensitivity analysis.

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

13. Summary of significant accounting policies (continued)
Employee benefits

Notes to the Accounts

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The Variable Element of Pay Plan (VEPP) is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. The cost of the VEPP is charged to the statement of comprehensive income in the period to the which the award relates.

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

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting Company and relate to the same tax authority and when the legal right to offset exists.

Current and deferred taxes are recognised as a tax credit or expense in the period in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

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

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

IFRSs issued but not yet effective
The accounting policies set out in these financial statements have been applied consistently to all periods presented.

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

- Amendments to IFRS 9: Prepayment features with Negative Compensation;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to Conceptual Framework in IFRS Standards; and
- Annual improvements to IFRSs 2015-2017 Cycle.

The standards listed below are issued but not yet effective and are not expected to have an impact on the Company:

- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures;
- Amendments to IFRS 3: Definition of a Business; and
- IFRS 17: Insurance Contracts.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement;

14. Changes in accounting policies and disclosures

IFRS 16 Leases, which replaced IAS 17 Leases, was applied effective from 1 January 2019.

IFRS 16 applies to all leases except for licences of intellectual property, rights held by licensing agreement within the scope of IAS 38 Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41 Agriculture, and leases of minerals, oil, natural gas and similar non-regenerative resources. Refer to note 11 for more detail.

15. Subsequent Events

There have been no material events since the reporting period that would require adjustment to these financial statements. Events after the reporting period that would require adjustment to these financial statements are those that provide evidence of conditions that existed at 31 December 2019. Events after the reporting period that are indicative of conditions that arose after the reporting period do not lead to adjustment of the financial statements, but are disclosed in the event that they are material.

Notes to the Accounts

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15. Subsequent Events (continued)

Since 31 December 2019 the COVID-19 pandemic has severely impacted the global economy, including those regions in which the Company invests. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the Company's investments is difficult to determine, however the Company is closely monitoring the situation and considering the effect it may have on the valuation of any impacted investments. The Company is also closely monitoring its liquidity needs in order to take action should any emergency funding requirement arise.

In accordance with the requirements of IFRS the fair valuations at the date of the statement of financial position reflect the economic conditions in existence at that date. The next date at which a valuation of investments will be performed will be as at 31 December 2020. Any potential losses associated with these developments will be recognised in the 2020 financial statements. At present the extent of any potential losses cannot be reliably estimated, however there are no anticipated going concern issues.

On 13 July 2020, the Company executed a guarantee agreement in support of the United Nations Children's Fund (UNICEF). The guarantee, of up to $50million, will support UNICEF's high-volume purchasing orders with manufacturers for medical supplies and diagnostic tests.

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