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VLC RENEWABLES LIMITED

**UNAUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Company Number 11379900

VLC RENEWABLES LIMITED

**UNAUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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VLC RENEWABLES LIMITED

OFFICERS, ADVISORS AND ADMINISTRATOR FOR THE YEAR ENDED 31 DECEMBER 2019

Directors

Juan Martin Alfonso
Magdalena Bujnowska
Simon Robert Hale
John Stuart

Registered Office

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London
United Kingdom
W1J 8DU

Investment Advisor

Low Carbon Investment Management Limited
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Administrator, Secretary and Registrar

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Aztec Group House
11-15 Seaton Place
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Jersey
JE4 0QH

Company Number

11379900

VLC RENEWABLES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and the unaudited consolidated financial statements (the "financial statements") of VLC Renewables Limited (the "Company") and its subsidiaries (together the "Group"), for the year ended 31 December 2019.

Incorporation

The Company was incorporated on 24 May 2018 and is registered as a limited company in England and Wales under the Companies Act 2006. The Company's registration number is 11379900, and its registered office is 13 Berkeley Street, London, United Kingdom, W1J 8DU.

The consolidated financial statements have been prepared for the Group for the year ended 31 December 2019, which comprise the following wholly owned subsidiaries: VLC Renewables Fund I GP Limited and VLC Renewables Carry GP Limited (together the "Subsidiaries").

VLC Renewables Fund I GP Limited has appointed Low Carbon Investment Management Limited, an English limited liability company, as investment advisor (the "Advisor").

Principal activity

The principal activity of the Group is to establish a European platform for investment into green infrastructure through one or more VLC Funds raised in one or more jurisdictions by the Group.

Results and distributions

The results for the period are set out in the Consolidated Statement of Comprehensive Income on page 4.

The Directors do not recommend payment of a dividend for the period.

Directors

The Directors of the Company as at 31 December 2019 and to the date of this report are disclosed on page 1.

Secretary

The Secretary of the Company as at 31 December 2019 and to the date of this report is disclosed on page 1.

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and therefore the Company is exempt from various reporting requirements including preparing a strategic report.

Going concern

The Directors have a reasonable expectation that the Company will continue in operational existence for the 12 months from date of this report and therefore the financial statements have been prepared using the going concern basis. Whilst the Group is in a net liability position, the Company has entered into an unlimited loan facility with Low Carbon Ventures Limited available to draw from and cover operating expenses, finance costs and capital expenditure. Low Carbon Ventures Limited has confirmed that they will not demand repayment of the existing loan such that insolvency would result.

VLC RENEWABLES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' responsibilities

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

Companies Act 2006 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 ("IFRS") as issued by the International Accounting Standards Board.

Under the 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 apply them consistently;
- make accounting judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Companies' 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 Law. 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 confirm they have complied with the above requirements.

Approved by the Directors and signed on behalf of the Company on 24 December 2020.



John Stuart
Director

Company number: 11379900

VLC RENEWABLES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	1 Jan 2019 to 31 Dec 2019 £	24 May 2018 to 31 Dec 2018 £
Income			
General partner share		51,926	-
Total income		51,926	-
Operating expenses			
Investment advisory fee		(2,832,764)	(1,033,149)
Administration expenses		(46,815)	(24,616)
Insurance expenses		(11,902)	(11,200)
Formation expenses		-	(6,475)
Total expenses		(2,891,481)	(1,075,440)
Operating loss		(2,839,555)	(1,075,440)
Interest expense	8	(91,201)	(3,125)
Loss before income tax		(2,930,756)	(1,078,565)
Income tax expense	5	-	-
Total loss for the year/period		(2,930,756)	(1,078,565)

All amounts in the year relate to continuing operations.

There were no items of other comprehensive income or expense in the year.

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	31 Dec 2019 £	31 Dec 2018 £
Current Assets			
Trade and other receivables	7a	60,515	4,821
Cash and cash equivalents		298	-
Total Assets		60,813	4,821
Current Liabilities			
Trade and other payables	8a	(555,792)	(41,210)
Borrowings	9	(3,512,342)	(1,040,176)
		(4,068,134)	(1,081,386)
Net Current Liabilities		(4,007,619)	(1,076,565)
Net Liabilities		(4,007,321)	(1,076,565)
Equity			
Share capital	10	2,000	2,000
Retained earnings		(4,009,321)	(1,078,565)
Total Equity		(4,007,321)	(1,076,565)

The financial statements on pages 4 to 19 were approved and authorised for issue by the Board of Directors of the Company and were signed on 24 December 2020.

John Stuart
Director

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019 £	31 Dec 2018 £
Non-Current Assets			
Investment in subsidiaries	6	2	2
Current Assets			
Trade and other receivables	7b	3,398,958	1,033,376
Cash and cash equivalents		496	-
Total Assets		3,399,456	1,033,378
Current Liabilities			
Trade and other payables	8b	(3,542)	(3,377)
Borrowings	9	(3,512,342)	(1,040,176)
		(3,515,884)	(1,043,553)
Net Current Liabilities		(116,926)	(10,177)
Net Liabilities		(116,428)	(10,175)
Equity			
Share capital	10	2,000	2,000
Retained earnings		(118,428)	(12,175)
Total Equity		(116,428)	(10,175)

For the year ended 31 December 2019, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 (the "Act") relating to small companies.

The Directors have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has taken the exemption under section 408 of the Act for presenting a separate statement of the Company's individual profit or loss. The Company's loss for the year ended 31 December 2019 is £106,253 (2018: £12,175).

The financial statements on pages 4 to 19 were approved and authorised for issue by the Board of Directors of the Company and were signed on 24 December 2020.


John Stuart
Director

Company number: 11379900

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 January 2019	2,000	(1,078,565)	(1,076,565)
Share capital issued	-	-	-
Total loss for the year	-	(2,930,756)	(2,930,756)
Balance as at 31 December 2019	2,000	(4,009,321)	(4,007,321)

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 24 May 2018	-	-	-
Share capital issued	2,000	-	2,000
Total loss for the period	-	(1,078,565)	(1,078,565)
Balance as at 31 December 2018	2,000	(1,078,565)	(1,076,565)

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 January 2019	2,000	(12,175)	(10,175)
Share capital issued	-	-	-
Total loss for the year	-	(106,253)	(106,253)
Balance as at 31 December 2019	2,000	(118,428)	(116,428)

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 24 May 2018	-	-	-
Share capital issued	2,000	-	2,000
Total loss for the period	-	(12,175)	(12,175)
Balance as at 31 December 2018	2,000	(12,175)	(10,175)

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	1 Jan 2019 to 31 Dec 2019 £	24 May 2018 to 31 Dec 2018 £
Cash flows from operating activities			
Total loss for the year/period		(2,930,756)	(1,078,565)
Working capital movements:			
Increase in trade and other receivables		(56,694)	(2,821)
Increase in trade and other payables		514,582	41,210
Net cash used in operating activities		(2,472,868)	(1,040,176)
Cash flow from financing activities			
Settlement of shares issued		1,000	-
Proceeds from loan	9	2,472,166	1,040,176
Net cash generated from financing activities		2,473,166	1,040,176
Net increase in cash and cash equivalents		298	-
Cash and cash equivalents at the beginning of the year/period		-	-
Cash and cash equivalents at the end of the year/period		298	-

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

		1 Jan 2019 to 31 Dec 2019 £	24 May 2018 to 31 Dec 2018 £
	Note		
Cash flows from operating activities			
Total loss for the year/period		(106,253)	(12,175)
Working capital movements:			
Increase in trade and other receivables		(2,366,582)	(1,031,376)
Increase in trade and other payables		165	3,375
Net cash used in operating activities		(2,472,670)	(1,040,176)
Cash flow from financing activities			
Settlement of shares issued		1,000	-
Proceeds from loan	9	2,472,166	1,040,176
Net cash generated from financing activities		2,473,166	1,040,176
Net increase in cash and cash equivalents		496	-
Cash and cash equivalents at the beginning of the year/period		-	-
Cash and cash equivalents at the end of the year/period		496	-

(The notes on pages 11 to 19 form an integral part of the financial statements).

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 General information

The Directors present their annual report and the unaudited consolidated financial statements (the "financial statements") of VLC Renewables Limited (the "Company") and its subsidiaries (together the "Group"), for the year ended 31 December 2019.

The Company was incorporated on 24 May 2018 and is registered as a limited company in England and Wales under the Companies Act 2006. The Company's registration number is 11379900, and its registered office is 13 Berkeley Street, London, United Kingdom, W1J 8DU.

The principal activity of the Group is to establish a European platform for investment into green infrastructure through one or more VLC Funds raised in one or more jurisdictions by the Group.

The consolidated financial statements have been prepared for the Group for the year ended 31 December 2019, which comprise the following wholly owned subsidiaries: VLC Renewables Fund I GP Limited and VLC Renewables Carry GP Limited (together the "Subsidiaries").

2 Statement of compliance

These financial statements have been prepared in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise

3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Groups' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2019. All Subsidiaries have a reporting date of 31 December. Control is achieved when the Group has:

- Power over the subsidiary;
- Exposure, or rights, to variable returns with its involvement with the subsidiary; and
- The ability to use its power over the subsidiary to affect its returns.

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Consolidated Statement of Comprehensive Income. Any investment retained is recognised at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. Accounting policies of the Subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Financial assets and liabilities

Recognition, classification and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The Group classifies its financial assets based on the Group's business model for managing those financial assets and the contractual cashflow characteristics of the financial assets. The Group's trade and other receivables are classified as subsequently measured at amortised cost as these are held to collect contractual cash flows which represent solely payments of principal and interest.

The accounting policies on measurement of the financial assets and liabilities are disclosed in the relevant notes in this section.

Receivables

Receivables are initially recognised at fair value. They are subsequently measured at amortised cost, less provision for impairment.

At each reporting date, the Group shall measure the loss allowance on debt assets carried at amortised cost, such as receivables, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Summary of significant accounting policies (continued)

3.3 Financial assets and liabilities (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings and finance costs

Borrowings are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue. Subsequently, borrowings are measured at amortised cost using the effective interest method. Interest accrued on borrowings is included within interest expense.

3.4 Foreign currency translation

Functional and presentational currency

For the purpose of the financial statements, the results and financial position are expressed in British Pounds ("GBP"), which is the Groups' functional and presentation currency.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into GBP amounts at the period end exchange rate. Income and expense items denominated in foreign currencies are translated into GBP amounts using the exchange rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

3.5 Expenses

Expenses are recognised on an accruals basis in the Consolidated Statement of Comprehensive Income.

3.6 Income taxes

Current income tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Summary of significant accounting policies (continued)

3.6 Income taxes (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. The measurement reflects the Group's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Deferred tax assets and liabilities cannot be discounted. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited in comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4 Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other than the going concern as addressed in the Director's Report, there are no areas of critical accounting estimates or judgements that impact the financial statements of the Company.

5 Taxation

	31 Dec 2019	31 Dec 2018
	£	£
Corporation Tax	-	-
Total current tax	-	-
Deferred taxation: origination and reversal of timing differences	-	-
Tax on results on ordinary activities	-	-

The Company pays income tax in the United Kingdom on income from sources within the United Kingdom at a rate of 19%. The Subsidiaries are tax residents in Jersey. The structure of the Subsidiaries is tax transparent. Accordingly, tax is not payable by the Subsidiaries on income from Jersey sources.

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Taxation (continued)

Factors affecting tax charge for the period

	31 Dec 2019 £	31 Dec 2018 £
Loss on UK operations	(106,253)	(12,175)
Loss on Jersey operations	(2,824,503)	(1,066,390)
Loss before taxation	(2,930,756)	(1,078,565)
Loss from ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19%	(20,188)	(2,313)
Unrelieved tax losses carried forward	20,188	2,313
Total tax charge for the year/period	-	-

The Company has unrelieved tax losses of £118,428 (2018: £12,175) from UK operations for which no deferred tax asset has been recognised as it is not possible to anticipate future gains in respect of which the losses may be relieved.

6 Investment in subsidiaries

The Company has two wholly-owned subsidiaries. VLC Renewables Fund I GP Limited was incorporated in Jersey on 1 June 2018 under number 126544 with registered address 11-15 Seaton Place, St Helier, Jersey, JE4 0QH, Jersey. VLC Renewables Carry GP Limited was incorporated in Jersey on 22 June 2018 under number 126702 with registered address 11-15 Seaton Place, St Helier, Jersey, JE4 0QH, Jersey. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "Group").

	VLC Renewables Fund I GP Limited £	VLC Renewables Carry GP Limited £
As at 1 January 2019	1	1
Additions for the year/period	-	-
As at 31 December 2019	1	1
As at 24 May 2018	-	-
Additions for the year/period	1	1
As at 31 December 2018	1	1

7 Trade and other receivables

(a) Group

	31 Dec 2019 £	31 Dec 2018 £
Receivable from Low Carbon Investment Partners 1 Limited	-	1,000
Receivable from Vitol Renewables C.V.	1,000	1,000
Other receivables	59,515	2,821
	60,515	4,821

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Trade and other receivables (continued)

(b) Company	31 Dec 2019	31 Dec 2018
	£	£
Receivable from VLC Renewables Fund I GP Limited	3,369,289	1,019,210
Receivable from VLC Renewables Carry GP Limited	21,080	9,345
Receivable from Low Carbon Investment Partners 1 Limited	-	1,000
Receivable from Vitol Renewables C.V.	1,000	1,000
Other receivables	7,589	2,821
	<u>3,398,958</u>	<u>1,033,376</u>

The above receivables are collectable on demand, unsecured and interest free.

8 Trade and other payables

(a) Group	31 Dec 2019	31 Dec 2018
	£	£
Accrued investment advisory fee	(544,233)	(29,007)
Accrued administration expenses	(11,559)	(12,203)
Other payables	-	-
	<u>(555,792)</u>	<u>(41,210)</u>

(b) Company	31 Dec 2019	31 Dec 2018
	£	£
Accrued administration expenses	(3,540)	(3,375)
Other payables	(2)	(2)
	<u>(3,542)</u>	<u>(3,377)</u>

The above payables are repayable on demand, unsecured and interest free.

9 Borrowings

	31 Dec 2019	31 Dec 2018
	£	£
Balance as at beginning of the year/period	(1,040,176)	-
Loan facility drawdown	(2,380,965)	(1,037,051)
Capitalised interest	(91,201)	(3,125)
Balance as at end of the year/period	<u>(3,512,342)</u>	<u>(1,040,176)</u>

On 25 June 2018, the Company entered into a loan agreement with Low Carbon Ventures Limited for an unlimited facility accruing interest of 5% per annum. The loan is repayable at a date as agreed between the parties from time to time. Accrued and unpaid interest is capitalised by adding it to the outstanding principal amount of the loan with effect from 31 December in each calendar year. Total interest accrued and capitalised during the period amounted to £91,201 (2018: £3,125).

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Share capital

	31 Dec 2019	31 Dec 2018
Authorised: Unlimited Shares at 1 GBP	-	-
	31 Dec 2019	31 Dec 2018
	£	£
Issued: 2,000 Shares at 1 GBP	2,000	2,000

11 Financial risk management

The objective of the Group is to establish a European platform for investment into green infrastructure through one or more funds raised in one or more jurisdictions by the Group. The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), liquidity risk, and credit risk.

11.1 Foreign exchange currency risk

The Group does not hold assets and liabilities denominated in currencies other than the functional currency. It is therefore not exposed to currency risk.

11.2 Interest rate risk

The Group's assets and liabilities as at 31 December 2019 are all fixed interest bearing. The Group is therefore not deemed to be exposed to interest rate risk. Accordingly, no sensitivity analysis has been presented.

11.3 Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group manages its liquidity risk through a loan agreement entered into with Low Carbon Ventures Limited which can be called with 10 business days' notice. Low Carbon Ventures Limited has confirmed that they will not demand repayment of the existing loan such that insolvency would result. The following table illustrates the expected liquidity of assets and liabilities held:

31 Dec 2019	Less than 1 month £	1 to 12 months £	More than 12 months £	Total £
Trade and other receivables	60,515	-	-	60,515
Total assets	60,515	-	-	60,515

VLC RENEWABLES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

11 Financial risk management (continued)

11.3 Liquidity risk (continued)

31 Dec 2018

	Less than 1 month £	1 to 12 months £	More than 12 months £	Total £
Trade and other receivables	4,821	-	4,821	9,642
Total assets	4,821	-	4,821	9,642

31 Dec 2019

	Less than 1 month £	1 to 12 months £	More than 12 months £	Total £
Trade and other payables	(555,792)	-	-	(555,792)
Borrowings	(3,512,342)	-	-	(3,512,342)
Total liabilities	(4,068,134)	-	-	(4,068,134)

31 Dec 2018

	Less than 1 month £	1 to 12 months £	More than 12 months £	Total £
Trade and other payables	(41,210)	-	-	(41,210)
Borrowings	(1,040,176)	-	-	(1,040,176)
Total liabilities	(1,081,386)	-	-	(1,081,386)

11.4 Credit risk

In the current period the Group has no exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. Accordingly, no sensitivity analysis has been presented.

VLC RENEWABLES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions.

Juan Martin Alfonso and John Stuart are the Directors and key management of both the Company and the Investment Advisor. Therefore the Investment Advisor is considered to be a related party of the Company because the board of the Investment Advisor has the ability to control the Company or exercise significant influence over the Company.

The Investment Advisor receives an advisory fee from VLC Renewables Fund I GP Limited per the Investment Advisory Agreement dated 25 June 2018. For this service, the Investment Advisor received an advisory fee of £2,832,764 for the period ended 31 December 2019 (2018: £1,033,149), and the amount payable at the year end was £544,233 (2018: £29,007).

During the year, expenses amounting to £4,769 (2018: £2,820) were paid on behalf of VLC Renewables Carry, LP. As at 31 December 2019, £7,589 (2018: £2,820) is receivable from VLC Renewables Carry, LP.

On 25 June 2018, the Company entered into a loan agreement with Low Carbon Ventures Limited, see note 9.

13 Employees and Directors

The Group has no employees other than the Directors, who did not receive any remuneration.

14 Commitments and contingent liabilities

The Company has no commitments or contingent liabilities.

15 Ultimate controlling party

The Company is ultimately owned by Low Carbon Investment Partners 1 Limited and Vitol Renewables C.V., none of whom within their own right are considered to hold a controlling stake. Therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company.

16 Subsequent events

There have been no material subsequent events requiring disclosure in, or adjustment to, the financial statements.