

REGISTERED NUMBER: 11379900 (England and Wales)

VLC Renewables Limited

Directors' Report and

Unaudited Consolidated Financial Statements for the Year Ended 31 December 2020



VLC Renewables Limited (Registered number: 11379900)

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for the Year Ended 31 December 2020**

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VLC Renewables Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

J M Alfonso
S R Hale
M M Bujnowska
J M Isherwood

REGISTERED OFFICE:

Oxygen House
Grenadier Road
Exeter Business Park
Exeter
EX1 3LH

REGISTERED NUMBER:

11379900 (England and Wales)

INVESTMENT ADVISOR:

Low Carbon Investment Management Limited
Oxygen House
Grenadier Road
Exeter Business Park
Exeter
EX1 3LH

**Directors' Report
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2020.

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.

REVIEW OF BUSINESS

The loss for the year was £1,965,182 (2019: £2,930,756).

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

J M Alfonso
S R Hale
M M Bujnowska

Other changes in directors holding office are as follows:

J M Isherwood was appointed as a director after 31 December 2020 but prior to the date of this report.

J L Stuart ceased to be a director after 31 December 2020 but prior to the date of this report.

GOING CONCERN

As explained further in note 3 to the financial statements, the directors intend to wind down the activities of the Group and as a result these financial statements have been prepared on a basis other than that of a going concern.

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 Group is exempt from various reporting requirements including preparing a strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE BOARD:



.....
J M Alfonso - Director

Date: Dec 10, 2021

VLC Renewables Limited (Registered number: 11379900)

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
CONTINUING OPERATIONS			
Revenue		94,176	51,926
Administrative expenses		<u>(1,843,639)</u>	<u>(2,891,481)</u>
OPERATING LOSS		(1,749,463)	(2,839,555)
Finance costs	5	<u>(215,719)</u>	<u>(91,201)</u>
LOSS BEFORE INCOME TAX		(1,965,182)	(2,930,756)
Income tax	6	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		(1,965,182)	(2,930,756)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,965,182)</u>	<u>(2,930,756)</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 December 2020

	Notes	2020 £	2019 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	9	1,000	60,515
Cash and cash equivalents	10	<u>292</u>	<u>298</u>
		<u>1,292</u>	<u>60,813</u>
TOTAL ASSETS		<u><u>1,292</u></u>	<u><u>60,813</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2,000	2,000
Retained earnings	12	<u>(5,974,503)</u>	<u>(4,009,321)</u>
TOTAL EQUITY		<u><u>(5,972,503)</u></u>	<u><u>(4,007,321)</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	547,019	555,792
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	<u>5,426,776</u>	<u>3,512,342</u>
		<u>5,973,795</u>	<u>4,068,134</u>
TOTAL LIABILITIES		<u><u>5,973,795</u></u>	<u><u>4,068,134</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,292</u></u>	<u><u>60,813</u></u>


The Company and the Group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020.

The members have not required the Company and the Group to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the Group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each financial year and of the Group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company and the Group.

The financial statements were approved by the Board of Directors and authorised for issue on ~~Dec 10, 2021~~ and were signed on its behalf by:


.....
J M Alfonso - Director

The notes form part of these financial statements

VLC Renewables Limited (Registered number: 11379900)

**Company Statement of Financial Position
31 December 2020**

	Notes	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Investments	8	<u>2</u>	<u>2</u>
CURRENT ASSETS			
Trade and other receivables	9	5,087,192	3,398,958
Cash and cash equivalents	10	<u>291</u>	<u>496</u>
		<u>5,087,483</u>	<u>3,399,454</u>
TOTAL ASSETS		<u><u>5,087,485</u></u>	<u><u>3,399,456</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2,000	2,000
Retained earnings	12	<u>(355,882)</u>	<u>(118,428)</u>
TOTAL EQUITY		<u><u>(353,882)</u></u>	<u><u>(116,428)</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	7,002	3,542
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	<u>5,434,365</u>	<u>3,512,342</u>
		<u>5,441,367</u>	<u>3,515,884</u>
TOTAL LIABILITIES		<u><u>5,441,367</u></u>	<u><u>3,515,884</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,087,485</u></u>	<u><u>3,399,456</u></u>


The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The financial statements were approved by the Board of Directors and authorised for issue on Dec 10, 2021 and were signed on its behalf by:


.....
J M Alfonso - Director

The notes form part of these financial statements

VLC Renewables Limited (Registered number: 11379900)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	2,000	(1,078,565)	(1,076,565)
Changes in equity			
Total comprehensive income	-	(2,930,756)	(2,930,756)
Balance at 31 December 2019	<u>2,000</u>	<u>(4,009,321)</u>	<u>(4,007,321)</u>
Changes in equity			
Total comprehensive income	-	(1,965,182)	(1,965,182)
Balance at 31 December 2020	<u>2,000</u>	<u>(5,974,503)</u>	<u>(5,972,503)</u>

The notes form part of these financial statements

VLC Renewables Limited (Registered number: 11379900)

**Company Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	2,000	(12,175)	(10,175)
Changes in equity			
Total comprehensive income	-	(106,253)	(106,253)
Balance at 31 December 2019	<u>2,000</u>	<u>(118,428)</u>	<u>(116,428)</u>
Changes in equity			
Total comprehensive income	-	(237,454)	(237,454)
Balance at 31 December 2020	<u>2,000</u>	<u>(355,882)</u>	<u>(353,882)</u>

The notes form part of these financial statements

VLC Renewables Limited (Registered number: 11379900)

**Consolidated Statement of Cash Flows
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(1,698,721)	(2,381,667)
Interest paid		<u>(215,719)</u>	<u>(91,201)</u>
Net cash from operating activities		<u>(1,914,440)</u>	<u>(2,472,868)</u>
Cash flows from financing activities			
New loans in year		1,914,434	2,472,166
Share issue		<u>-</u>	<u>1,000</u>
Net cash from financing activities		<u>1,914,434</u>	<u>2,473,166</u>
(Decrease)/increase in cash and cash equivalents		<u>(6)</u>	<u>298</u>
Cash and cash equivalents at beginning of year	2	298	-
Cash and cash equivalents at end of year	2	<u><u>292</u></u>	<u><u>298</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2020**

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before income tax	(1,965,182)	(2,930,756)
Finance costs	<u>215,719</u>	<u>91,201</u>
	(1,749,463)	(2,839,555)
Decrease/(increase) in trade and other receivables	59,515	(56,694)
(Decrease)/increase in trade and other payables	<u>(8,773)</u>	<u>514,582</u>
Cash generated from operations	<u>(1,698,721)</u>	<u>(2,381,667)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>292</u>	<u>298</u>

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>298</u>	<u>-</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

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 2020.

VLC Renewables Limited is a private limited company incorporated and domiciled in England and Wales. The address of the company's registered office is Oxygen House Grenadier Road, Exeter Business Park, Exeter, EX1 3LH.

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 2020, which comprise the following wholly owned subsidiaries: VLC Renewables Fund I GP Limited and VLC Renewables Carry GP Limited (together the "Subsidiaries").

2. STATUTORY INFORMATION

VLC Renewables Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. ACCOUNTING POLICIES

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.

Basis of preparation

The financial statements have been prepared on a non-going concern basis under the historical cost convention, as modified by the revaluation of certain financial instruments. In preparing these financial statements, the Group applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006.

It is the intention of the directors to wind down the activities of the group within 12 months of the date of approval of these financial statements. As a result, the financial statements have been prepared on a basis other than going concern. This basis includes, where applicable, writing the Groups assets down to the net realisable value. No provision has been made for future costs of terminating the business unless such costs were committed at the reporting date.

Basis of consolidation

The Group financial statements comprise of the financial statements of VLC Renewables Limited and its subsidiaries as at 31 December 2020. 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.

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. ACCOUNTING POLICIES - continued

Taxation

The tax expense included in the consolidated income statement comprises of both current tax and changes in net deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the consolidated income statement.

Deferred Tax

Deferred taxation is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, provided it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Foreign currencies

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 in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

3. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, accounts payable, and other financial assets/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 Groups business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Groups 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 Groups 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.

Financial instruments (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.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings" include all current results as disclosed in the profit or loss.

Interest payable

Interest payable on loans is charged to the statement of comprehensive income account on an accruals basis.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF 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. NET FINANCE COSTS

	2020 £	2019 £
Finance costs:		
Other loan interest paid	<u>215,719</u>	<u>91,201</u>

6. INCOME TAX**(a) Income tax on loss on ordinary activities**

Income tax charged in the statement of profit or loss:

	2020 £	2019 £
Current tax:		
UK Corporation tax on the loss for the period	-	-
Deferred tax:		
Current period	-	-
Income tax (benefit)/expense in the statement of profit or loss	<u>-</u>	<u>-</u>

(b) Reconciliation of the total income tax charge

The income tax expense in the statement of profit or loss for the period differs from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are reconciled below:

	2020 £	2019 £
Loss on UK operations	(237,454)	(106,253)
Loss on Jersey operations	<u>(1,727,728)</u>	<u>(2,824,503)</u>
Loss before taxation	<u>(1,965,182)</u>	<u>(2,930,756)</u>
At standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(45,116)	(20,188)
Unrelieved tax losses carried forward	<u>45,116</u>	<u>20,188</u>
Income tax (benefit)/expense in statement of profit or loss	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

In the 2021 Budget, the UK Government announced that from 1 April 2023 the UK Corporation Tax rate would increase to 25% (rather than the rate remaining at 19%, as previously enacted). This new law was substantively enacted on 11 March 2021. Deferred taxes at the balance sheet date have not been measured using these enacted tax rates but at the UK Corporation Tax rate enacted at the year end, 19%.

(d) Deferred tax

The Company has unrelieved tax losses of £355,882 (2019: £118,428) 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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(237,454) (2019 - £(106,253)).

8. INVESTMENTS

Company

	Subsidiary undertakings £
Cost:	
At 1 January 2020	
and 31 December 2020	<u>2</u>
Net book value:	
At 31 December 2020	<u>2</u>
At 1 January 2020	<u>2</u>

Investment in associates & subsidiary undertakings:

Details of the investments in which the parent company held 20% or more of the nominal value of any class of share capital as at 31 December 2020 are as follows:

Name of company	Holding	Proportion of shares held
VLC Renewables Fund I GP Limited	Ordinary shares	100%
VLC Renewables Carry GP Limited	Ordinary shares	100%

Each company is incorporated in Jersey.

The registered office for each company is 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Current:				
Amounts owed by group undertakings	-	-	5,087,192	3,398,958
Other debtors	1,000	8,588	-	-
Accrued income	-	51,927	-	-
	<u>1,000</u>	<u>60,515</u>	<u>5,087,192</u>	<u>3,398,958</u>

Due to the nature of these receivables, the carrying value approximates their fair value.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Bank accounts	<u>292</u>	<u>298</u>	<u>291</u>	<u>496</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

11. CALLED UP SHARE CAPITAL

	No.	2020 £	No.	2019 £
Allocated, called up and fully paid				
Ordinary shares of £1 each	2,000	<u>2,000</u>	2,000	<u>2,000</u>

12. RESERVES

Group

	Retained earnings £
At 1 January 2020	(4,009,321)
Deficit for the year	<u>(1,965,182)</u>
At 31 December 2020	<u>(5,974,503)</u>

Company

	Retained earnings £
At 1 January 2020	(118,428)
Deficit for the year	<u>(237,454)</u>
At 31 December 2020	<u>(355,882)</u>

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Current:				
Other creditors	-	-	2	2
Accrued expenses	<u>547,019</u>	<u>555,792</u>	<u>7,000</u>	<u>3,540</u>
	<u>547,019</u>	<u>555,792</u>	<u>7,002</u>	<u>3,542</u>

The above payables are all unsecured. Due to the nature of trade and other payables, the carrying value is assumed to approximate their fair value.

14. FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Current:				
Loans due to parent company	<u>5,426,776</u>	<u>3,512,342</u>	<u>5,434,365</u>	<u>3,512,342</u>

14. FINANCIAL LIABILITIES - BORROWINGS - continued

Terms and debt repayment schedule

Group

	1 year or less
	£
Loans due to parent company	<u>5,426,776</u>

Company

	1 year or less
	£
Loans due to parent company	<u>5,434,365</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. This loan has been re-assigned to Low Carbon Investment Partners Limited during the year, with the same terms as the original loan. 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 £215,719 (2019: £91,201).

15. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

16. RELATED PARTY DISCLOSURES

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.

During the current and prior year J M Alfonso and J Stuart were 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 £1,786,628 for the year ended 31 December 2020 (2019: £2,832,764), and the amount payable at the year end was £540,019 (2019: £544,233).

During the year, expenses amounting to £6,032 (2019: £4,769) were paid on behalf of VLC Renewables Carry, LP. A provision of £13,621 (2019: £nil) has been made against this balance. As at 31 December 2020, £nil (2019: £7,589) is receivable from VLC Renewables Carry, LP.

On 25 June 2018, the Company entered into a loan agreement with Low Carbon Ventures Limited. This loan has been re-assigned to Low Carbon Investment Partners Limited during the year, with a balance of £5,426,2776 outstanding at year-end (2019: £3,512,342), see note 13.

17. ULTIMATE CONTROLLING PARTY

The Company is ultimately owned by Vitol Renewables B.V. and Low Carbon Investment Partners 1 Limited, companies registered in Netherlands and England and Wales respectively, each own a 50% joint share in VLC Renewables Limited. Therefore, in the opinion of the Directors, there is no ultimate controlling party.

18. 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 Groups activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), liquidity risk, and credit risk.

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.

Interest rate risk

The Group's assets and liabilities as at 31 December 2020 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.

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 Investment Partners Limited which can be called with 10 business days' notice. Low Carbon Investment Partners Limited has confirmed that they will not demand repayment of the existing loan such that insolvency would result.

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.