

LLP Registration No. OC415130 (England and Wales)

OGCI CLIMATE INVESTMENTS LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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OGCI CLIMATE INVESTMENTS LLP

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OGCI CLIMATE INVESTMENTS LLP

LLP INFORMATION

Designated Members	BP Technology Ventures Limited Shell Petroleum Co Limited
Members	Eni UK Limited Equinor New Energy Limited SAEV Guernsey I Limited Repsol Energy Ventures S A Total Holdings UK Limited Petrobras International Braspetro B.V. (Appointed 28 March 2018) Chevron Products UK Ltd (Appointed 24 September 2018) Oxy Climate Ventures, Inc. (Appointed 24 September 2018) ExxonMobil Engineering Europe Limited (Appointed 24 September 2018)
LLP registered number	OC415130
Registered office	Suite 1 3rd Floor 11-12 St. James's Square London United Kingdom SW1Y 4LB
Independent auditors	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The members present their annual report together with the financial statements of OGCI Climate Investments LLP ("the LLP") for the year ended 31 December 2018. The LLP was incorporated on 16 December 2016 and its operations, management and governance are governed by the terms of the Members' Agreement ("the Agreement") which was executed on 21 December 2016.

Principal activities

The LLP is the investment fund of the Oil & Gas Climate Initiative ("the OGCI") and was set up with the purpose of investing in technologies and business solutions that have the potential to significantly reduce greenhouse gas emissions and that are economically viable. Its aim is to catalyse the development and deployment of the technology and business models that show the greatest potential to reduce greenhouse gas emissions.

Areas of focus are:

- Reducing methane leakage: investing in technologies and solutions to reduce methane emissions from source to point of use.
- Reducing carbon dioxide: investing in efficiency solutions that lower the carbon footprint of the energy, individual and transport sectors.
- Recycling carbon dioxide: investing in breakthrough technologies to capture carbon dioxide emissions and recycle it into products or store it safely.

During 2018, the LLP through its subsidiary (OGCI Climate Investments Holdings LLP) made 6 new investments:

- Econic Technologies: Econic is a UK-based company that is developing and commercialising novel catalyst technologies to build carbon dioxide (CO₂) into polyurethanes and other polymers. Econic's technology is one of the few commercially viable ways to chemically utilise CO₂ enabling manufacturers to make a whole new generation of everyday plastics.
- GHGSat: GHG Sat is a Canadian-based company that provides global emissions monitoring services, currently for greenhouse gases (GHG) and ultimately also for a range of air quality gases (AQG) and other trace gases from anthropogenic and natural sources from any industrial site in the world. They are currently the only company who have a satellite (called "Claire") in orbit producing imaging data of methane emissions at site scale.
- Inventys: Inventys is a Canadian-based company that is in early stages with a credible lower cost solution for capturing point-source CO₂ emissions and accelerating the global transition to a lower-carbon economy. The Company's proprietary process combines a patented adsorbent structure and rapid cycle thermal swing adsorption process. It is expected that, unlike conventional methods, this process has the potential to significantly reduce carbon capture costs thereby disrupting the carbon capture, utilisation and storage (CCUS) market.
- Kairos Aerospace: Kairos is a US-based aerial survey and software company for data sales with a credible commercial solution to identify large methane emissions at low cost. Kairos has developed a lightweight pod that can be attached to light aircraft, without modification, to conduct aerial surveys. The company has invested significant resources to develop its software processing capability and can report very quickly after conducting a survey.
- Clarke Valve: Clarke is a US-based company that designs and manufactures proprietary control valves ("Shutter Valve") for the industrial valve market. Clarke Valve has developed a unique control valve that is low cost and virtually eliminates fugitive methane emissions.
- Kelvin: Kelvin is a US-based software company, that monitors complex processes for oil and gas customers. The company has also developed proprietary hardware to enable this solution by acquiring higher resolution data. Kelvin uses this data and its monitoring software to provide actionable insights to its customers, and control artificial lift assets for plunger lift systems. Customers report fewer manual interventions, lower costs, higher production, and reduced methane emissions. This application is promising as it aligns economic incentives (higher production and lower expenses) with a reduction in methane emissions.

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

In addition, we completed follow-on investments in our 2 existing investments at the start of the year;

- Achates Power: a US-based company that is developing high-efficiency opposed-piston engines that could have a substantial impact on greenhouse gas emissions.
- Solidia Technologies: a US-based pioneer in the heavy-emitting cement and concrete industry. Solidia has patented technology that allows cement to be produced more efficiently, and that uses carbon dioxide to harden concrete.

In total, \$50m has now been invested in these 8 companies.

In addition, we continue to progress the Clean Gas Project ('CGP'). This is a project aiming to design a full scale gas power plant with carbon capture and storage, including industrial CO2 sequestration. The project is centred around the Tees Valley Cluster in the UK. In November 2018, we announced we were entering into a strategic partnership with BP, Eni, Equinor, Occidental, Shell and Total to progress the CGP. The partnership will support the technical and commercial progression of the project on to the next stage of development.

During the period, the LLP incurred costs relating to the management of the business and in relation to the acquisition of investments held by OGCI CI Holdings LLP. No income was received from the investments during the period.

Designated Members

BP Technology Ventures Limited and Shell Petroleum Co Limited were designated members of the LLP throughout the year.

Members

In addition to the Designated Members, Eni UK Limited, Repsol Energy Ventures S A, SAEV Guernsey I Limited, Equinor New Energy Limited, Total Holdings UK Limited were members of the LLP throughout the year.

Petrobras International Braspetro B.V., Chevron Products UK Ltd, Oxy Climate Ventures, Inc. and ExxonMobil Engineering Europe Limited joined during the year as detailed on page 1.

Members' capital and interests

Each member is required to subscribe to the LLP in accordance with the provisions of the Agreement to fund investments of and costs incurred by the LLP. Capital subscribed is repayable by the LLP when the underlying investment to which the capital was applied is realised. Upon realisation of an investment, funds can be reinvested by the LLP at the discretion of the members.

Details of changes in members' capital in the period ended 31 December 2018 are set out in the financial statements.

The profits and losses of the LLP are automatically allocated under the terms of the Agreement to the members according to their individual capital shares, except for investment income profits which are divided according to the investment income shares for the investment in question. Investment income profit shares will be distributed within 90 days of the end of the financial year of the LLP and all other profit shares will be distributed within 90 days of the relevant amounts being received by the LLP.

Management

The Board oversees the operation of the LLP and subsidiaries, which is carried out on a day to day basis by the CEO and Executive Team. The Board also reviews the Strategic Investment Plan on an annual basis, sets targets for the LLP and approves individual investment and divestment decisions which are above the authority level delegated to the CEO.

Board members are appointed nominees of the member companies of the LLP, with sufficient seniority and experience to make a significant contribution to the effectiveness of the Board and success of the LLP.

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Board members during the period were:

Director	Nominating Member	Dates
Ahmad Al Khowaiter	SAEV Guernsey Ltd	January to December
Barbara Burger	Chevron	September to December
David Eyton	BP Technology Ventures Ltd	January to December
Elisabeth Kvalheim	Equinor ASA	January to December
Giuseppe Bellussi	Eni UK Ltd	January to December
Jaime Martin Juez	Repsol Energy Ventures SA	January to December
Jerome Schmitt	Total Holdings UK Ltd	January to December
John MacArthur	Shell Petroleum Co Ltd	January to December
Orlando Ribeiro	Petrobras	June to December
Richard Jackson	Occidental Petroleum	September to December
Vijay Swarup	Exxon Mobil	September to December
Gerard Moutet	OGCI Executive Committee	January to May

Jerome Schmitt also took over the chair of OGCI Executive Committee, following the retirement of Gerard Moutet. The chair of the OGCI Executive Committee is a non-voting member of the Board. Subsequent to the 2018 year-end, on 28th February 2019, Girish Nadkarni was appointed to the Board as the nominated member for Total Holdings UK Ltd, taking over from Jerome Schmitt.

The Board is also responsible for appointing the Designated Members in accordance with the Agreement which requires all Members to serve at least one 2-year term as a Designated Member of the LLP.

Governance

Under the terms of the Agreement, the Board has established the following sub-committees:

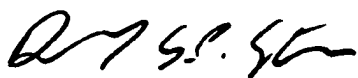
- Audit Committee: responsible for overseeing the LLP's system of internal control, approving the financial statements and recommending that the designated members sign the financial statements on behalf of the members of the LLP.
- Remuneration Committee: responsible for the remuneration policies and practices of the LLP, particularly those of the Executive Team.

UK taxation of income

Under UK tax law, members of the LLP pay tax that is individually assessed on their share of profits. Income taxes are not assessed on the LLP itself and it is therefore not dealt with in these financial statements. The taxation payable on the LLP's profits is the liability of the members.

Auditor

Ernst & Young LLP have been appointed auditors of the LLP for the period ending 31 December 2018.
On behalf of the board



David Eyton
For and behalf of BP Technology Ventures Limited

Designated Member

30 April 2019

OGCI CLIMATE INVESTMENTS LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies Act 2006, as applied to Limited Liability Partnership, Regulations 2008 ('LLP Regulations') require the members to prepare financial statements for each financial period. The members have elected to prepare financial statements for the LLP in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

IAS 1 Presentation of Financial Statements requires that financial statements present fairly for each financial period the limited liability partnership's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Members are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the LLP's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the LLP will continue in business.

The members' responsibilities set out above are discharged by the Designated Members on behalf of the members. The Designated Members at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant information of which the LLP's auditors are unaware and each Designated Member has taken all the steps that ought to have been taken by them as members to make themselves aware of any relevant audit information and to establish that the LLP's auditors were aware of that information.

OGCI CLIMATE INVESTMENTS LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS LLP

Opinion

We have audited the financial statements of OGCI Climate Investments LLP for the period ending 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in members' interest and statement of cash flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 2 – 5, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

OGCI CLIMATE INVESTMENTS LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS LLP

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on pages 3 - 5, the members 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership'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 members either intend to liquidate the partnership 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stephney Dallmann (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 May 2019

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	\$'000	\$'000
Investment costs		(4,306)	(1,056)
Administrative expenses		(11,691)	(4,350)
Operating loss	4	(15,997)	(5,406)
Loss for the period before members' remuneration		(15,997)	(5,406)
Remuneration charged to members' distribution accounts	19	15,997	5,406
Result for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The notes on pages 13 to 30 are an integral part of these financial statements.

Loss for the period and total comprehensive expense for the period are entirely attributable to the members of the LLP.

OGCI CLIMATE INVESTMENTS LLP

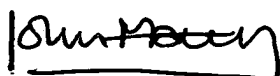
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 \$'000	2017 \$'000
Non-current assets			
Property, plant and equipment	8	100	93
Investments	9	50,209	15,540
		<u>50,309</u>	<u>15,633</u>
Current assets			
Trade and other receivables	11	2,834	1,001
Cash and cash equivalents		21,496	4,134
		<u>24,330</u>	<u>5,135</u>
Total assets		<u>74,639</u>	<u>20,768</u>
Current liabilities			
Trade and other payables	18	16,951	3,221
Non-current liabilities			
Trade and other payables	18	993	-
Members' interest	19	56,695	17,547
		<u>57,688</u>	<u>17,547</u>
Total equity and liabilities		<u>74,639</u>	<u>20,768</u>

The notes on pages 13 to 30 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 April 2019 and are signed on its behalf by:



John MacArthur
For and behalf of The Shell Petroleum Co Limited
Designated Member

Company Registration No. OC415130

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

OGCI Climate Investments LLP has no equity and accordingly has not presented a Statement of Changes in Equity.

The notes on pages 13 to 30 are an integral part of these financial statements.

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Balances classified as debt		
	Members' capital \$'000	Members' distribution account \$'000	Total \$'000
On incorporation	-	-	-
Remuneration charged to members' distribution accounts	-	(5,406)	(5,406)
Capital introduced	22,953	-	22,953
At 31 December 2017	22,953	(5,406)	17,547
Remuneration charged to members' distribution accounts	-	(15,997)	(15,997)
Capital introduced	55,145	-	55,145
At 31 December 2018	78,098	(21,403)	56,695

The notes on pages 13 to 30 are an integral part of these financial statements.

OGCI CLIMATE INVESTMENTS LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash absorbed for operations	22	(2,959)	(3,174)
Interest paid		-	-
Cash used in operating activities		(2,959)	(3,174)
Cash flows from investing activities			
Additions to property, plant and equipment		(69)	(105)
Proceeds on disposal of property, plant and equipment		2	-
Investment in subsidiary		(34,669)	(15,540)
Cash used in investing activities		(34,736)	(15,645)
Cash flows from financing activities			
Proceeds from capital contributions		55,145	22,953
Cash used in financing activities		55,145	22,953
Net increase in cash and cash equivalents		17,450	4,134
Cash and cash equivalents at beginning of year		4,134	-
Effect of foreign exchange rates		(88)	-
Cash and cash equivalents at end of year	23	21,496	4,134

The notes on pages 13 to 30 are an integral part of these financial statements.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

OGCI Climate Investments LLP ("the LLP") is a limited liability partnership and was incorporated on 16 December 2016 and domiciled in England and Wales. The LLP's registered office is Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

The LLP is the investment fund of the Oil & Gas Climate Initiative. The LLP was set up with the purpose of collectively investing to support the development, demonstration and rapid scale up of technologies and business solutions that can materially impact global greenhouse gas emissions, in particular those of the oil and gas industry's operations and products, to enable those technologies and solutions to reach commercial sustainability and to catalyse meaningful action on climate change through collaboration and engagement.

1.1 Basis of preparation

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

The LLP's financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to Limited Liability Partnerships reporting under IFRS. The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements have been drawn up for the period from 1 January 2018 to 31 December 2018.

Amounts are presented in United States Dollars (" \$" or "USD"), being the presentational and functional currency of the LLP, and to the nearest thousand unless otherwise noted.

1.2 Going concern

The financial performance, position and cash flows are set out on pages 8 to 12. Investment and working capital is provided in the form of funding from member companies of the LLP in accordance with the members agreement. Members of the LLP have committed to invest a minimum of \$100 million each over a 10 year period in the LLP and subsidiary investment vehicles and annual budgets and projections of cash requirements are prepared to enable funding to be agreed. The budget for the 2019 financial year end was approved on 5 December 2018. Based on the 10 year commitment and approval of the annual budget, members therefore have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial period end), on a straight line basis as follows:

Fixtures and fittings	2 to 5 years
Computer equipment	2 to 5 years

Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the period that the asset is derecognised.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Investments

The only investments held by the LLP are those in subsidiary companies. Investments in subsidiary companies are capital contributions and therefore fall outside the scope of IFRS 9. The investments are reported at cost in the statement of financial position.

1.5 Fair value measurement

The LLP has assessed that the fair values of cash and short term deposits, trade receivables and trade payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Included within the cash and cash equivalent balance on the Statement of Financial Position is restricted cash held as collateral for the purposes of providing credit to the LLP for the use of a company commercial credit card programme.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LLP's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'sole payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The LLP's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the LLP commits to purchase or sell the asset.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the LLP. The LLP measures financial assets at amortised cost when both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The LLP's financial asset held at amortised cost includes trade receivables.

Impairment of financial assets

The carrying amounts of the LLP's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The LLP's financial liabilities include trade and other payables and the members' interests.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains and losses on liabilities held for trading are recognised in the statement of profit or loss. The LLP has not designated any financial liability as at fair value through profit or loss.
- **Loans and borrowings**
This is the category most relevant to the LLP. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.8 Members' Capital

Members' capital is repayable to members on the realisation of investments to which the capital has been applied. As such, it has been classified as a debt-like item in these financial statements.

Allocation of profits and losses

The profits and losses of the LLP are automatically allocated under the terms of the LLP agreement to the members according to their individual capital shares, except for Investment Income Profits which are divided according to the Investment Income Shares for the investment in question.

1.9 Taxation

Under UK tax law, as a Limited Liability Partnership, the LLP is not subject to taxation on profits arising in LLP.

Members are individually assessed and liable for taxation arising on their shares of profits and accordingly no provision is recognised in these financial statements.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Leases

Leases in which a significant portion of the risks and rewards of ownership are operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

The LLP leases certain property, plant and equipment. Leases of property, plant and equipment where the LLP has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.11 Foreign exchange

Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences are recognised in the Statement of Comprehensive Income.

1.12 Investment costs and Administrative expenses

Investments costs include fees and other amounts payable in connection with the purchase of investments in equity interests or related to projects. Such fees include legal costs, due diligence expenditure and specific project related costs such as wages and salaries for individuals working on projects. Administrative expenses include all other costs not reported under investment costs. This includes the cost of management and staff in the LLP.

The LLP also acts as an agent for the Executive Committee (ExCom) of the OGCI, managing the payment of certain expenses related to ExCom activities. Costs related to the ExCom are funded by members of OGCI through a separate bank account. The funding and associated costs are netted in the presentation of these financial statements, with any surplus funding available at the end of the year being included in deferred income in the statements of financial position.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the preparation of the financial statement for the year ended 31 December 2017. Amendments to standards and interpretations which came into force during the year did not have a significant impact on the LLP's financial statements and are as follows:

IFRS 9 Financial Instruments, applicable for annual periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Based on the assessment performed, the new guidance has the following impacts on the classification and measurement of its financial instruments:

- **Impairment:** The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The LLP applies the simplified approach and records lifetime expected losses on all trade receivables. However, given the short term nature of the LLP's receivables, there is not a significant impact in the financial statements.
- **Disclosures:** The standard introduces expanded disclosure requirements and changes in presentation included in this report.

The LLP also assessed other changes introduced by IFRS 9 that have no impact on the financial statements as explained below:

- There is no impact on the accounting for financial liabilities, as the new requirements of IFRS 9 only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the LLP does not have any such liabilities.
- The LLP does not currently apply hedge accounting and therefore there are no impacts in the financial statements.
- No impacts in relation to derecognition of financial instruments as the same rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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

(Continued)

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the LLP's accounting periods beginning on or after 1 January 2019 or later periods but which the LLP has not previously adopted. Those that are applicable to the LLP are as follows:

IFRS 16 Leases, applicable for annual periods beginning on or after 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, including the exemptions to recognise assets and liabilities for all leases unless the lease term is 12 months or less or when the underlying asset has a low value. Lease costs will be recognised in the income statement over the lease term in the form of depreciation on the right of use asset and finance charges representing the unwinding of the discount on the lease liability. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The LLP has progressed its assessment of leases, focusing on a review of contracts, aggregation of data to support the evaluation of the accounting impacts of applying the new standard. As at 31 December 2018, the LLP has not identified any applicable contracts that would require an asset and liability to be recognised.

IFRS 15 Revenue from Contracts with Customers, applicable for annual periods on or after 1 January 2018

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. As at 31 December 2018, the LLP has not identified any applicable revenue contracts that would require disclosures under this standard.

Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the LLP's financial statements.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Significant accounting estimates and judgements

The preparation of the LLP's financial statements in conforming to IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements and the key areas are summarised below:

Key estimates

Depreciation of property, plant and equipment

Depreciation rates are based on the estimated useful lives and residual value of the assets involved see note 8.

Long-Term Incentive Plan (LTIP)

The LLP is implementing a LTIP for certain employees to take effect from when employees join and maturing over a 3 year period. LTIP will be applied retrospectively for any qualifying employees joining in 2017 or 2018. Whilst the Remuneration Committee of the LLP have agreed some general principles relating to the LTIP, they will not formally approve the plan until their meeting in September 2019. These accounts therefore include an estimate of the LTIP benefit accruing for employees during 2018, based on the general principles agreed with the Remuneration Committee and subject to approval of the Long Term Incentive Plan in due course.

The key principles of the scheme are as follows:

- LTIP operates as a deferred cash bonus plan, providing for the grant of annual cash awards after a 3 year accrual period. The maximum award will either be increased or reduced to reflect the Participant's start date.
- The awards under LTIP are subject to a combination of corporate and individual performance criteria to determine the annual vesting percentage for the award depending on grade. This is either a 50%/50% split or 30%/70% split.
- The maximum amount payable under the scheme is either 100% or 75% of salary depending on grade at the end of the 3 year period (either increased or reduced to reflect the Participant's start date) and then a maximum of 33 1/3% or 25% for each year thereafter.

There are no other significant judgements and estimates that have been applied in the preparation of these financial statements.

4 Operating loss

	2018 \$'000	2017 \$'000
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(77)	125
Depreciation of property, plant and equipment	50	12
Loss on disposal of property, plant & equipment	10	-
Tax relating to overseas branches	40	-
Recharged costs from US-based subsidiary	1,509	-
	<u> </u>	<u> </u>

Administrative expenses includes costs recharged from OGCI Climate Investments (USA) Inc. These costs relate to employment costs and running costs of that entity, which supports the main business operations of the LLP.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Auditor's remuneration

	2018 \$'000	2017 \$'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	34	31

OGCI Climate Investments LLP has also borne the audit fees related to its subsidiary undertaking OGCI Climate Investments Holdings LLP. This fee, which was approximately \$14,500 (2017 - \$10,000) is not included in the above total.

Non-audit fees for assurance services totalled \$114,500 (2017 - \$14,700).

6 Employees

The average monthly number of employees (including directors) employed by the LLP during the period was:

	2018 Number	2017 Number
Average number of employees	10	3

The total number of employees of the LLP at 31 December 2018 was 16; 14 of these employees were dedicated to LLP investment activities and 2 employees to ExCom activities.

The staff costs below which relate to the employees dedicated to LLP investment activities and have been charged in the Statement of Comprehensive Income was as follows:

	2018 \$'000	2017 \$'000
Wages and salaries	4,128	1,426
Social security costs	624	173
Pension costs	144	-
	4,896	1,599

The above figures include accrued bonus and LTIP payments for 2018 of \$2,479,000

In addition to the above, payroll costs for the 2 employees working on ExCom activities were \$465,000. Payroll costs relating to ExCom employees are reported net against the funding provided by the ExCom members and therefore have a nil impact on the Statement of Comprehensive Income.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Retirement benefit schemes

Defined contribution schemes

The LLP established a defined contribution pension scheme in 2018 for all qualifying employees. The LLP has no additional liability beyond the contribution that it makes in to the pension scheme. The total costs charged to statement of comprehensive income in respect of the defined contribution plans were \$144,000 (2017 - \$0). This scheme has been accounted for on a defined contribution basis and contributions are charged directly to the statement of comprehensive income. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

8 Property, plant and equipment

	Fixtures and fittings \$'000	Computer equipment \$'000	Total \$'000
Cost			
Additions	9	96	105
At 31 December 2017	9	96	105
Additions	4	65	69
Disposals	(11)	(4)	(15)
At 31 December 2018	2	157	159
Accumulated depreciation and impairment			
Charge for the year	-	12	12
At 31 December 2017	-	12	12
Charge for the year	3	47	50
Eliminated on disposal	(2)	(1)	(3)
At 31 December 2018	1	58	59
Carrying amount			
At 31 December 2018	1	99	100
At 31 December 2017	9	84	93

The value of assets held under finance leases as at 31 December 2018 was \$0 (2017:\$9,000).

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Investments in subsidiary companies

	2018	2017
	\$'000	\$'000
At 1 January 2018	15,540	-
Investments in subsidiaries	34,669	15,540
At 31 December 2018	50,209	15,540

10 Subsidiaries

Details of the LLP's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Class of share held	Ownership interest (%)	Voting power held (%)	Nature of business
OGCI Climate Investments Holdings LLP	N/A	100	100	Holding company for investments
OGCI Climate Investments Group Limited	Ordinary	100	100	Intermediate holding company
OGCI Climate Investments (USA) Inc.	Ordinary	100	100	Employment company for US based staff

The registered office of OGCI Climate Investments Holdings LLP and OGCI Climate Investments Group Limited is Suite 1, 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB.

The registered office of OGCI Climate Investments (USA) Inc. is Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware, USA, 19808.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Trade and other receivables

	2018 \$'000	2017 \$'000
Trade receivables	1,009	331
Other receivables	1,059	-
VAT recoverable	497	543
Prepayments	269	127
	<u>2,834</u>	<u>1,001</u>

The members consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Current trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. Trade receivables are measured at amortised cost. A provision for impairment of trade receivables is established using the expected credit loss impairment model according IFRS 9. The LLP applies the simplified approach and records lifetime expected losses on all trade receivables. However, given the short term nature of the LLP's receivables, there is not a significant impact in the financial statements.

The carrying value of trade receivables represents the maximum exposure to credit risk. No collateral is held as security.

As at 31 December 2018 there were no trade receivables past due but not impaired.

Trade receivables is the balance due from ExCom members for funding of the ExCom costs during 2018.

Included within other receivables are capital contributions due from member companies, which were paid after the year end. Other receivables also includes funds due from ExCom to the LLP these relate to costs paid on behalf of ExCom during 2018.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Financial instruments

Financial assets

Debt instruments at amortised cost:

	2018	2017
	\$'000	\$'000
Trade and other receivables excluding prepayments	1,009	331
Cash and cash equivalents	21,496	4,134
At 31 December 2018	22,505	4,465

Debt instruments at amortised cost include trade receivables from related parties.

Financial liabilities

Other financial liabilities at amortised cost, other than interest bearing loans and borrowings:

	2018	2017
	\$'000	\$'000
Trade and other payables excluding non-financial liabilities	17,896	2,664

Fair value measurement

The LLP has assessed that the fair values of cash and short term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Financial instruments risk management objectives and policies

The LLP's principal financial liability comprise trade and other payables. The main purpose of this financial liability is to finance the LLP's operations. The LLP's principal financial assets include trade receivables and cash and cash equivalents that derive directly from its operations.

13 LLP Financial Risk Factors

The LLP's activities expose it to a variety of financial risks: liquidity risk, credit risk, market risk (including foreign exchange risk), and capital risk.

The LLP's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the LLP's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses.

Risk management is carried out under policies approved by the Board of Directors. LLP identifies and evaluates financial risks in close co-operation with the LLP's operating units. The Board provides principles for overall risk management such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Liquidity risk

Liquidity risk arises from the LLP's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, as well as members' capital.

The table below sets out the contractual maturities (representing undiscounted contractual cash-flows) of trade and other payables:

	Up to 1 year	Between 1 & 5 years	5 + years	Total
	\$'000	\$'000	\$'000	\$'000
At 31 December 2017				
Trade and other payables excluding non-financial liabilities	2,659	5	-	2,664
	<u>2,659</u>	<u>5</u>	<u>-</u>	<u>2,664</u>
	<u>2,659</u>	<u>5</u>	<u>-</u>	<u>2,664</u>
At 31 December 2018				
Trade and other payables excluding non-financial liabilities	16,903	993	-	17,896
	<u>16,903</u>	<u>993</u>	<u>-</u>	<u>17,896</u>
	<u>16,903</u>	<u>993</u>	<u>-</u>	<u>17,896</u>

The increase in trade and other payables is mainly for amounts owed to members due to equalisation payments from new member companies appointed during 2018.

15 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The LLP is exposed to credit risk primarily from its financing activities, including deposits with banks and financial institutions.

Expected Credit Loss ("ECL")

Due to the nature of the LLP's trade and other receivables there is no risk associated with recovering these debts and no ECL has been provided.

Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the LLP's treasury policy.

The credit quality of the cash and cash equivalents can be assessed by reference to external credit ratings:

	2018	2017
	\$'000	\$'000
Upper medium grade (Investment grade)	21,496	4,134
	<u>21,496</u>	<u>4,134</u>

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Market risk

Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include trade and other payables. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The LLP is not exposed to other price risk such as commodity price risk neither to cash flow interest rate risk as all its borrowings are fixed rate borrowings.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The main currency risk that the LLP is exposed to is British Pounds Sterling (GBP) risk as part of its costs are incurred in this currency.

The sensitivity of the results to a change in these currency is as follows, the below figure show the effect this would have on the statement of comprehensive income:

	Change in rate %	2018 \$'000	2017 \$'000
Trade and other payables	+5%	(31)	(39)
	-5%	31	39

17 Capital risk management

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, under the terms of the LLP agreement, the LLP may retain cash due to be distributed to members, call on additional contributions from members, or sell assets.

18 Trade and other payables

	Current		Non-current	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables	691	964	-	-
Amount owed to members	10,599	-	-	-
Amounts owed to subsidiary undertakings	562	-	-	-
Accruals	4,412	2,186	993	-
Social security and other taxation	48	71	-	-
Other payables	639	-	-	-
	<u>16,951</u>	<u>3,221</u>	<u>993</u>	<u>-</u>

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Member's interests

	2018 \$'000	2018 \$'000	2017 \$'000	2017 \$'000
	Capital	Distribution	Capital	Distribution
At the beginning of the year	22,953	(5,406)	-	-
Capital introduced	55,145	-	22,953	-
Charged to distribution account	-	(15,997)	-	(5,406)
At the end of the year	<u>78,098</u>	<u>(21,403)</u>	<u>22,953</u>	<u>(5,406)</u>
Total		<u>56,695</u>		<u>17,547</u>

Members' capital is repayable to members on the realisation of investments to which the capital has been applied. As such, it has been classified as a debt-like item in these financial statements. Members' distribution accounts represent profits and (losses) automatically allocated to members' as set out in the LLP agreement.

20 UK taxation of income

Under UK tax law, members of the LLP pay tax that is individually assessed on their share of profits. Income taxes are not assessed on the LLP itself and it is therefore not dealt with in these financial statements. The taxation payable on the LLP's profits is the liability of the members.

21 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2018 \$'000	2017 \$'000
Salaries and short-term employee benefits	3,136	1,532
Third Party	685	261
Other long-term benefits	839	-
	<u>4,660</u>	<u>1,793</u>

Included within short-term benefits are accrued bonuses for key management personnel totalling \$1,239,000.

Other long-term benefits includes the defined contribution pension and estimates for the Long-Term Incentive Plan (LTIP) for key management personnel in accordance with *Key Estimates* as per note 3.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Related party transactions

(Continued)

Members

Member companies have provided resources and expertise over the period to the LLP, principally on a nil cost basis. A total charge of \$1,256,900 (2017: \$38,000) has been incurred in the year for those services where the costs are being recharged.

Subsidiaries

During the year there were transactions between the LLP and one of its subsidiaries, OGCI Climate Investments (USA) Inc. The subsidiary incurred costs on behalf of the LLP during 2018; these mainly related to employment and administrative costs. Total costs recharged to the LLP were \$1,509,000. As at 31 December 2018, the LLP owed a balance of \$562,000 to OGCI Climate Investments (USA) Inc. which has been included within the statement of financial position.

No guarantees have been given or received.

22 Cash generated from operations

	2018 \$'000	2017 \$'000
Loss for the year	(15,997)	(5,406)
Adjustments for:		
Loss on disposal of property, plant and equipment	10	-
Depreciation and impairment of property, plant and equipment	50	12
Foreign exchange loss on cash equivalents	88	-
Increase in LTIP accrual	993	-
Movements in working capital:		
Increase in trade and other receivables	(1,833)	(1,001)
Increase in trade and other payables	13,730	3,221
Cash used in operations	<u>(2,959)</u>	<u>(3,174)</u>

23 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and in hand	<u>21,496</u>	<u>4,134</u>

Cash and cash equivalents at 31 December 2018 includes \$100k of restricted cash. The restricted cash represents a collateral for the purposes of providing credit for a commercial credit card programme.

OGCI CLIMATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

24 Events after the reporting date

In March 2019, OGCI Climate Investments Holdings LLP (a wholly owned subsidiary of the LLP) completed two new investments in companies totalling \$13.2m, together with a follow on investment in an existing investee company of \$1.16m.