

Alcentra UK DLF CIP GP Limited

Registration number: SC437392

**Annual report and audited financial statements
for the year ended 30 June 2021**

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Alcentra UK DLF CIP GP Limited

For the year ended 30 June 2021

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Alcentra UK DLF CIP GP Limited

Directors' Report

For the year ended 30 June 2021

The Directors present their annual report and the audited financial statements of Alcentra UK DLF CIP GP Limited (the "Company") for the year ended 30 June 2021.

Incorporation

The Company was incorporated in Scotland on 22 November 2012 as a private company with company number SC437392.

Principal activities

The principal activity of the Company is to act as General Partner to Clareant UK DLF Carried Interest Limited Partnership (the "Carry Partnership"). Alcentra Limited has been appointed as Operator of the Carry Partnership.

Registered office

Alcentra UK DLF CIP GP Limited
As from 10 September 2020
6th Floor, 125 London Wall
London
ECY2 5AS

Until 9 September 2020
Asticus Building, 2nd Floor
21 Palmer Street
London
SW1H 0AD

Carry Partnership

Clareant UK DLF Carried Interest Limited Partnership
50 Lothian Road
Festival Square
Edinburgh
Scotland
EH3 9WJ

Fund Partnership

Alcentra UK Direct Lending No.1 Limited Partnership
As from 10 September 2020
6th Floor, 125 London Wall
London
EC2Y 5AS

Until 9 September 2020
Asticus Building, 2nd Floor
21 Palmer Street
London
SW1H 0AD

Alcentra UK DLF CIP GP Limited

Directors' Report (continued)

For the year ended 30 June 2021

Results

The results for the year are shown in the Statement of Comprehensive Income on page 10.

The Directors do not recommend the payment of dividend for the year ended 30 June 2021 (2020: GBP nil).

Directors, Secretary and their interests

The Directors who held office during the year and to the date on which these financial statements were approved are as shown below:

Mr. Marc Speight
Mr. Christopher Michael Warnes
Ms. Coral Suzanne Bidel (appointed on 20 July 2021)
Mr. Beejadhursingh Surnam (resigned on 20 July 2021)

The Secretary of the Company at 30 June 2021 was Sanne Group Secretaries (UK) Limited.

The Directors and Secretary who held such positions during the year ended 30 June 2021 did not hold any shares in the Company at year end or throughout the year.

Disclosure of information to auditor

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

KPMG Channel Islands Limited have expressed their willingness to continue in office.

Events during the year

Impact of COVID-19

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. The outbreak and spread has led to a public health crisis and widespread disruption across almost all regions and sectors. Through 2020, the global spread of the virus led to an increased level of uncertainty in financial markets and triggered volatility in interest rates, foreign exchange rates and asset prices.

Multiple rounds of restrictions and lockdowns seen across Europe in response to COVID-19 has led to acute impacts for businesses in directly affected sectors, with trading almost completely suspended, at least initially, for those worst impacted. Many businesses saw a pattern of significant rebound in activity following the easing of government restrictions. In many cases, the impact on trading as a result of the virus is expected to be temporary. Some of the worst affected companies have experienced, and continue to experience, severe difficulties as a result of the disruption to their activities and defaults are likely to increase for these businesses and in some cases, recoveries reduce.

Alcentra UK DLF CIP GP Limited

Directors' Report (continued)

For the year ended 30 June 2021

Events during the year (continued)

Impact of COVID-19 (continued)

The Portfolio Manager evaluated the fair value of the underlying assets held by the Company at 30 June 2021 and, where required, recommended fair value adjustments on these assets. These adjustments are reflected in the annual accounts via the Company's share of the respective underlying investments. The Portfolio Manager will continue to monitor the impact of COVID-19 on the underlying valuations going forward. The fair values as at 30 June 2021 are unrealised and actual realised proceeds may differ.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with the applicable laws 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 Company's financial statements in accordance with United Kingdom Accounting Standards including FRS 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102").

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for the year then ended. In preparing the financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Alcentra UK DLF CIP GP Limited

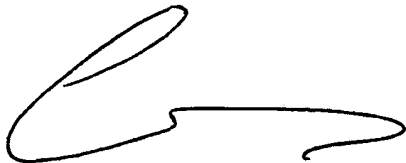
Directors' Report (continued)

For the year ended 30 June 2021

Statement of Directors' Responsibilities (continued)

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

A large, stylized handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke and a small upward flick.

Director

Name: Chris Warnes

Date: 28 October 2021

A small, stylized handwritten signature in black ink, consisting of a single, sharp, upward-pointing stroke.

Director

Name: Coral Bidel

Independent Auditor's Report to the Members of Alcentra UK DLF CIP GP Limited

Our opinion

We have audited the financial statements of Alcentra UK DLF CIP GP Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the Company's loss for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and

Independent Auditor's Report to the Member of Alcentra UK

DLF CIP GP Limited (continued)

- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The Directors' report

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

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

- we have not identified material misstatements in the Directors' report;

Independent Auditor's Report to the Member of Alcentra UK DLF CIP GP Limited (continued)

- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 5 and 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



David Alexander (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants
Jersey

28 October 2021

Alcentra UK DLF CIP GP Limited

Statement of Comprehensive Income

For the year ended 30 June 2021

Alcentra UK DLF CIP GP Limited
Statement of comprehensive income

		30 June 2021 GBP	30 June 2020 GBP
	Notes		
Reversal of distribution receivable	9	-	(500)
Administrative expenses	10	(17,126)	(17,641)
Loss on ordinary activities		(17,126)	(18,141)
Tax on loss on ordinary activities	11	-	-
Loss on ordinary activities after taxation		(17,126)	(18,141)

There are no other items of other comprehensive income for the current and prior years. All amounts relate to continuing operations.

The notes on pages 13 to 18 form an integral part of these audited financial statements.

Alcentra UK DLF CIP GP Limited

Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 GBP	30 June 2020 GBP
Current assets			
Cash and cash equivalents		482	84
Receivables	6	1 142	1 142
Current liabilities			
Payables: amounts falling due within one year	7	(100,079)	(82,953)
Net current liabilities		<u>(100,079)</u>	<u>(82,953)</u>
Net liabilities		<u>(100,079)</u>	<u>(82,953)</u>
Capital and reserves			
Share capital	8	1	1
Accumulated losses		(100,080)	(82,954)
Total shareholders' funds		<u>(100,079)</u>	<u>(82,953)</u>

The financial statements on pages 10 to 18 were approved and authorised for issue by the Board of Directors on 28 October 2021 and were signed on its behalf by:



Name: Chris Warnes
Director



Name: Coral Bidet
Director

For and on behalf of
Alcentra UK DLF CIP GP Limited
Registration Number: SC437392

The notes on pages 13 to 18 form an integral part of these audited financial statements.

Alcentra UK DLF CIP GP Limited

Statement of Changes in Equity

For the year ended 30 June 2021

	Share capital GBP	Accumulated losses GBP	Total GBP
Opening balance as at 1 July 2019	1	(64,813)	(64,812)
Loss for the year	-	(18,141)	(18,141)
Closing balance as at 30 June 2020	1	(82,954)	(82,953)
Loss for the year	-	(17,126)	(17,126)
Closing balance as at 30 June 2021	1	(100,080)	(100,079)

The notes on pages 13 to 18 form an integral part of these audited financial statements.

Alcentra UK DLF CIP GP Limited

Notes to the financial statements For the year ended 30 June 2021

1 Company information

Alcentra UK DLF CIP GP Limited (the "Company") was incorporated in Scotland on 22 November 2012 as a private company with company number SC437392. The principal activity of the Company is to act as General Partner to the Clareant UK DLF Carried Interest Limited Partnership (the "Carry Partnership").

2 Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention and in accordance with UK Accounting Standards applicable to smaller entities, including Section 1A of FRS 102, *"The Financial Reporting Standard applicable for Small entities, in the UK and Republic of Ireland"* ("FRS 102").

A summary of significant accounting policies is set out below.

(a) Statement of Cash Flow

The Company is exempt from producing a Statement of Cash Flow as required by FRS 102 'Statement of Cash Flows', on the grounds that it is a small company.

(b) Income and expenses

Income and expenses are recognised on an accrual basis.

(c) Foreign currency translation

The books and records of the Company are maintained in Pound Sterling ("GBP").

Foreign currency transactions are translated into GBP using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(d) Going concern

The financial statements have been prepared on the going concern basis, which having considered the financial support available to the Company, the Directors believe to be the appropriate basis. The Directors note that although the Company is in a net liability position, financial support from Alcentra Limited will be available for a period of not less than twelve months from the date of approval of these financial statements to enable the Company to meet any obligations as they fall due.

(e) General Partner's profit share

The Company is entitled to a priority distribution in an amount equal to the lesser of:

- (i) 0.1 per cent of profits of the Carry Partnership; and
- (ii) GBP 500 in respect of each accounting year.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction net of tax, from the proceeds.

Alcentra UK DLF CIP GP Limited

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets that are classified at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction. The initial fair value of such assets is normally the transaction price excluding transaction costs.

Basic financial instruments

(i) Trade and other receivables/payables

Trade and other receivables are recognised initially at transaction price plus attributable transaction costs. Trade and other payables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank only.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Foreign currency

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). This is the GBP which reflects the primary activity of investing in GBP debt instruments.

The Company has adopted GBP as its presentation currency.

Alcentra UK DLF CIP GP Limited

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial instruments (continued)

Foreign currency (continued)

(ii) Transactions and balances

Transactions in foreign currencies are translated into GBP at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into GBP at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into GBP at the exchange rate at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in Statement of Comprehensive Income as net foreign exchange losses.

4 Judgements

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's transactions are denominated in GBP. Accordingly, the Directors have determined that the functional currency of the Company is GBP.

5 Dividends

The Directors have not declared any dividends for the year ended 30 June 2021 (2020: GBP nil).

6 Receivables

	30 June 2021 GBP	30 June 2020 GBP
Distribution receivable	1,000	1,000
Prepayment	141	141
Amounts receivable from Alcentra Asset Management Limited	1	1
	<hr/>	<hr/>
	1,142	1,142

All receivables disclosed above represent unsecured receivables due within one year, they do not carry interest.

Alcentra UK DLF CIP GP Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

7 Payables

	30 June 2021 GBP	30 June 2020 GBP
Due to Fund Partnership	75,027	58,932
Due to Alcentra UK DLF S.à r.l.	17,712	16,672
Audit fees	8,488	8,200
Administration fees	476	375
	<hr/> 101,703	<hr/> 84,179

8 Share capital

	30 June 2021 GBP	30 June 2020 GBP
Authorised		
1 ordinary share of GBP 1.00	<hr/> 1	<hr/> 1
Allotted, called up		
1 ordinary share of GBP 1.00	<hr/> 1	<hr/> 1

The Company has issued one ordinary share only, therefore no preferred rights are given over other share classes and the share has full rights to dividends declared and paid.

9 Reversal of distribution receivable

	Year ended 30 June 2021 GBP	Year ended 30 June 2020 GBP
Overprovision of distribution from previous years		<hr/> (500)

10 Administrative expenses

	Year ended 30 June 2021 GBP	Year ended 30 June 2020 GBP
Audit fees	8,774	8,454
Administration fees	3,659	4,395
Legal and professional fees	4,590	4,690
Bank charges	103	102
	<hr/> 17,126	<hr/> 17,641

Alcentra UK DLF CIP GP Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

11 Tax

The Company is registered in the United Kingdom for taxation purposes and pays corporation tax at the standard rate of 19% (2020: 19%). Provision for corporation tax for the year was GBP nil (2020: GBP nil).

No deferred tax asset is recognised due to significant uncertainty around future profitability.

12 Controlling party

The ultimate controlling party is Alcentra Asset Management Limited, a company incorporated in the United Kingdom. The Company's ultimate holding company is BNY Alcentra Group Holdings, Inc, a company incorporated in Delaware, United States of America.

13 Related parties

Mr. Beejadhursingh Surnam (resigned on 20 July 2021), Mr. Christopher Michael Warnes and Ms. Coral Suzanne Bidel (appointed on 20 July 2021) are also Directors of associated companies of Sanne Group (UK) Limited, a company that provides administration services to the Company and in which they hold financial interest.

Administration fees of GBP 3,658 (2020: GBP 4,395) were paid on the Company's behalf to Sanne Group (UK) Limited in respect of the year ended 30 June 2021 and GBP 476 (2020: GBP 375) remained outstanding at the year end. Amounts payable to the Fund Partnership and Alcentra UK DLF S.à r.l. relating to accrued expenses as at 30 June 2021 were GBP 75,027 (2020: GBP 58,932) and GBP 17,712 (2020: GBP 16,672) respectively.

14 Events during the year

Impact of COVID-19

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. The outbreak and spread has led to a public health crisis and widespread disruption across almost all regions and sectors. Through 2020, the global spread of the virus led to an increased level of uncertainty in financial markets and triggered volatility in interest rates, foreign exchange rates and asset prices.

Multiple rounds of restrictions and lockdowns seen across Europe in response to COVID-19 has led to acute impacts for businesses in directly affected sectors, with trading almost completely suspended, at least initially, for those worst impacted. Many businesses saw a pattern of significant rebound in activity following the easing of government restrictions. In many cases, the impact on trading as a result of the virus is expected to be temporary. Some of the worst affected companies have experienced, and continue to experience, severe difficulties as a result of the disruption to their activities and defaults are likely to increase for these businesses and in some cases, recoveries reduce.

The Portfolio Manager evaluated the fair value of the underlying assets held by the Company at 30 June 2021 and, where required, recommended fair value adjustments on these assets. These adjustments are reflected in the annual accounts via the Company's share of the respective underlying investments. The Portfolio Manager will continue to monitor the impact of COVID-19 on the underlying valuations going forward. The fair values as at 30 June 2021 are unrealised and actual realised proceeds may differ.

Alcentra UK DLF CIP GP Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

15 Subsequent events

No such events were noted between the year-end and the date of signing of the accounts.

16 Capital management

The Company is not subject to any externally imposed capital requirements.