

Company registration number: 11947478

EUROPEAN INVESTMENTS (GFP II) LIMITED

**Directors' report and audited financial statements for the
year ended
31 December 2020**



EUROPEAN INVESTMENTS (GFP II) LIMITED

CONTENTS

Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the members of European Investments (GFP II) Limited	5
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

EUROPEAN INVESTMENTS (GFP II) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	J Entract C Abuin
Company secretary	E Mendes
Company registration number	11947478
Registered office	Level 7 One Bartholomew Close Barts Square London EC1A 7BL
Auditor	KPMG LLP 15 Canada Square London E14 5GL

EUROPEAN INVESTMENTS (GFP II) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of European Investments (GFP II) Limited (the "Company") for the year ended 31 December 2020.

Principal activities

The Company acts as an investment holding company, established to hold an investment in a company established to undertake environmental infrastructure projects.

Business review

The loss for the year after taxation is £51,587,597 (2019: £10,575,056).

The sale of the investments was agreed in 2020 and as at the date of approval of these financial statements, the Company has ceased trading. As the Directors intend to liquidate the Company following the settlement of the remaining net liabilities, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 2.

Strategic report

The Company has taken advantage of the exemption provided under section 414B (b) of the Companies Act 2006 and has not produced a strategic report.

Risk management

The Company is part of the InfraRed Partners LLP group (the "Group"). Risk is managed on a Group basis. The managing partners of the Group are responsible for the Group risk management framework. This comprises identifying and evaluating the risks that the Group faces and ensuring that appropriate controls and processes are in place to manage these risks. It also comprises responsibility for the oversight of the risk management process. An important part of the Group risk management framework is to have documented policies and procedures in place.

The Directors of the Company are responsible for ensuring that the Company complies with the Group's risk management framework. Assurance as to the effectiveness of and compliance with the risk management framework and internal controls is provided by the Group's risk management functions.

The Directors consider its risk management framework is appropriate for a company of its size and complexity.

Future developments

The Directors intend to liquidate the Company following the settlement of the remaining net liabilities, which is expected to be within 12 months from the date of approval of these financial statements.

Dividends

The Directors have not declared a dividend in respect of the year ended 31 December 2020 (2019: £nil).

EUROPEAN INVESTMENTS (GFP II) LIMITED

DIRECTORS' REPORT (continued)

The impact of uncertainties due to the COVID-19 pandemic

In the Directors' view, no adjustment need be made in relation to COVID-19. As the sale of the remaining asset was agreed during the period, with the valuation reflecting the expected proceeds from the sale.

Directors

The Directors who served during the year were as follows:

J Entract
C Abuin

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Disclosure of information to auditor

Each person who is a director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

Independent auditor

KPMG LLP is deemed to be appointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Annual report, Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

EUROPEAN INVESTMENTS (GFP II) LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities in respect of the Annual report, Directors' report and the financial statements (continued)

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.

On behalf of the Board

Jon Entract

J Entract
Director

Registered office
Level 7 One Bartholomew Close
Barts Square
London
EC1A 7BL

26th August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (GFP II) LIMITED

Opinion

We have audited the financial statements of European Investments (GFP II) Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"); 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 the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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 the Directors of whether they are aware of fraud and of the Company's high-level policies and procedures to prevent and detect fraud;
- Reading board minutes;
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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 and the risk of bias in accounting estimates and judgements such as investment valuations. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company's fraud risk management controls.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (GFP II) LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- evaluating the business purpose of significant unusual transactions, if any.

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 commercial and sector experience and through discussion with the Directors (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many 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 fines or litigation. We identified the following areas as those most likely to have such an effect: data protection and certain aspects of company legislation recognising the nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other 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 remained a higher risk of non-detection of fraud, as these 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 or regulation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (GFP II) LIMITED (continued)

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;
- 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 take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the Directors are responsible for: the preparation of the financial statements and for 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (GFP II) LIMITED (continued)

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

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

Kushan Tikkoo

Kushan Tikkoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 August 2021

EUROPEAN INVESTMENTS (GFP II) LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2020

	Note	2020 £	Period from 15 April 2019 to 31 December 2019 £
Turnover	4	11,145,913	7,937,803
Operating expenses	5	<u>(1,500)</u>	<u>(1,500)</u>
Operating profit		11,144,413	7,936,303
Loss on impairment of investments	9	(51,723,785)	(10,573,811)
Interest payable and similar charges	7	<u>(11,145,913)</u>	<u>(7,937,803)</u>
Loss before taxation		(51,725,285)	(10,575,311)
Tax on loss	8	<u>137,688</u>	<u>255</u>
Loss for the financial year / period		<u>(51,587,597)</u>	<u>(10,575,056)</u>
Total comprehensive loss for the financial year / period		<u>(51,587,597)</u>	<u>(10,575,056)</u>

All activities derive from continuing operations.

The accompanying notes on pages 12 to 18 form an integral part of these financial statements.

EUROPEAN INVESTMENTS (GFP II) LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Investments	9	<u>5,928,370</u>	<u>81,095,693</u>
Current assets			
Debtors: amounts falling due within one year	10	<u>362,348</u>	<u>2,803,181</u>
Current liabilities			
Creditors: amounts falling due within one year	11	<u>(227,305)</u>	<u>(2,804,326)</u>
Net current assets / (liabilities)		<u>135,043</u>	<u>(1,145)</u>
Total assets less current liabilities		<u>6,063,413</u>	<u>81,094,548</u>
Creditors: amounts falling due after more than one year	12	<u>(68,225,966)</u>	<u>(91,669,504)</u>
Net liabilities		<u>(62,162,553)</u>	<u>(10,574,956)</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>(62,162,653)</u>	<u>(10,575,056)</u>
Shareholder's deficit		<u>(62,162,553)</u>	<u>(10,574,956)</u>

The accompanying notes on pages 12 to 18 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26th August 2021 and were signed on its behalf by

Jon Entract

J Entract
Director

Company Registration Number: 11947478

EUROPEAN INVESTMENTS (GFP II) LIMITED**STATEMENT OF CHANGES IN EQUITY
as at 31 December 2020**

	Called up Share Capital £	Profit and Loss Account £	Total £
At 15 April 2019	-	-	-
Share capital issued	100	-	100
Loss for the period	-	(10,575,056)	(10,575,056)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	100	(10,575,056)	(10,574,956)
Loss for the year	-	(51,587,597)	(51,587,597)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>100</u>	<u>(62,162,653)</u>	<u>(62,162,553)</u>

The accompanying notes on pages 12 to 18 form an integral part of these financial statements.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1. GENERAL INFORMATION

European Investments (GFP II) Limited (the "Company") was incorporated on 15 April 2019. The Company is a Private Limited Company with Company number 11947478.

The Company acts as an investment holding company, established to hold an investment in a company established to undertake environmental infrastructure projects.

The Company's registered address is Level 7 One Bartholomew Close, Barts Square, London, EC1A 7BL.

2. ACCOUNTING POLICIES

a) Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and all applicable laws and regulations.

The Company is considered to be a small entity and has applied the exemption under FRS 102.3.1B in respect of the Cash Flow Statement and related notes disclosures.

The Company has adopted the following Amendments to FRS 102 in these financial statements. These Amendments are effective for accounting periods beginning on or after 1 January 2020:

- i. the Amendments to FRS 102 – Interest rate benchmark reform;
- ii. the consequential Amendments to FRS 102 from the Amendments to FRS 101, "Reduced Disclosure Framework 2019/20 cycle"; and
- iii. the Amendments to FRS 102 – COVID-19-related rent concessions.

Information on the effect of adoption of these Amendments is provided in Note 14. There has been no other material impact following the adoption of the Amendments on accounting policies for classification, recognition and measurement of items within the financial statements or on disclosures within these.

b) Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (FRS 102). These financial statements are presented in Pounds Sterling ("£"), the Company's functional currency.

The principal accounting policies, which have been consistently applied throughout the year and the preceding period, are described below.

c) Going concern

The Directors intend to dispose of the Company's remaining investments in an orderly sales process during the next 12 months from the date of approval of these financial statements. Consequently, it is the Directors' intention that the Company will cease trading in the next 12 months and therefore they have not prepared these financial statements on a going concern basis. There have been no changes to the amounts recognised in the financial statement as a result of this change.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

d) Turnover

Turnover represents loanstock interest and is recognised in the statement of comprehensive income on an accruals basis, using the effective interest rate method, from the date the entitlement arises.

e) Taxation

Taxation expense for the year comprises current tax and deferred tax recognised in the financial year. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

f) Investments

Investments in loanstock are recognised initially at the transaction price and subsequently measured at amortised cost less impairment.

g) Current creditors and debtors

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

h) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the year in which they are declared.

3. USE OF ASSUMPTIONS AND ESTIMATES

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting policies that are deemed critical to the Company's results and financial position in terms of materiality and which involve a high degree of judgement and estimation are addressed below.

Valuation of investments

Investments held at fair value are valued using the discounted cash flow method. Valuations of investments are particularly sensitive to the judgements made by the Directors on discount rates and assumptions around the timing of cash flows.

4. TURNOVER

	2020 £	Period from 15 April 2019 to 31 December 2019 £
Loan stock interest	<u>11,145,913</u>	<u>7,937,803</u>

5. OPERATING EXPENSES

	2020 £	Period from 15 April 2019 to 31 December 2019 £
Professional fees	<u>1,500</u>	<u>1,500</u>

The auditor's remuneration for the year of £5,000 (2019: £3,020) has been borne by a Group undertaking.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors are not remunerated by the Company. The Directors are either partners of Charles II Realisation LLP (formerly InfraRed Capital Partners (Management) LLP) (the "LLP") and are remunerated through profit shares from the LLP or are employees of and are remunerated by InfraRed Partners LLP, an intermediate parent company.

The number of persons employed by the Company during the year was nil (2019: nil).

7. INTEREST PAYABLE

	2020 £	Period from 15 April 2019 to 31 December 2019 £
Interest payable on loans	<u>11,145,913</u>	<u>7,937,803</u>

8. TAX ON LOSS

	2020 £	Period from 15 April 2019 to 31 December 2019 £
Current tax		
UK corporation tax	(137,943)	-
Adjustments in respect of prior period	<u>-</u>	<u>-</u>
Total current tax	<u>(137,943)</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	-	(285)
Effect of changes in tax rates	-	30
Adjustments in respect of prior period	<u>255</u>	<u>-</u>
Total deferred tax	<u>255</u>	<u>(255)</u>
Tax on loss	<u>(137,688)</u>	<u>(255)</u>

The tax assessed for the year is 19% (2019: 19%) different to that resulting from applying the standard rates of corporation tax applicable in the UK of 19%. The differences are explained overleaf.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

8. TAX ON LOSS (continued)

	2020 £	Period from 15 April 2019 to 31 December 2019 £
Loss before taxation	<u>(51,725,285)</u>	<u>(10,575,311)</u>
Loss multiplied by standard rate	(9,827,804)	(2,009,309)
Effect of:		
- adjustment in respect of losses not recognised during the year / period	9,689,861	-
- expenses not deductible	-	2,009,024
- adjustment in respect of prior period	255	-
- effect of changes in tax rates	<u>-</u>	<u>30</u>
Total tax credit for the year / period	<u>(137,688)</u>	<u>(255)</u>

Factors affecting current and future tax charges

The Government has confirmed an increase to the UK corporation tax rate from 19% to 25%, with effect from 1 April 2023. In addition, the 19% rate will continue to apply to companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000. The company is expected to be subject to the 25% UK corporation tax rate, once enacted. This measure is not regarded as being substantively enacted, as such the 19% rate has been applied to deferred tax statement of financial position amounts.

A deferred tax asset of £11,587,499 (2019: £1,697,886) has not been recognised on unutilised tax losses as it is not expected that the Company will have taxable profits in the future against which they can be utilised.

9. INVESTMENTS

	2020 £	2019 £
At 1 January 2020 / 15 April 2019	81,095,693	-
Additions	11,362,299	91,669,504
Repayments	(34,805,837)	-
Impairment loss	<u>(51,723,785)</u>	<u>(10,573,811)</u>
At 31 December	<u>5,928,370</u>	<u>81,095,693</u>

The investments are loanstock investments in GFP II Limited, a related party of the Group.

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Amounts owed by Group undertakings	100	100
Tax advanced	137,943	-
Deferred tax asset	-	255
Accrued income	224,305	2,802,826
	<u>362,348</u>	<u>2,803,181</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Accruals and deferred income	<u>227,305</u>	<u>2,804,326</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
12% Unsecured Loan Notes	66,557,863	66,557,863
12% Unsecured PIK Notes	<u>1,668,103</u>	<u>25,111,641</u>
	<u>68,225,966</u>	<u>91,669,504</u>

On 2 May 2019, the Company issued 12% fixed rate unsecured notes and 12% fixed rate unsecured PIK notes of £82,000,000 and £31,000,000, respectively. At 31 December 2020, the unsecured notes have been drawn down by £66,557,863 (2019: £66,557,863) and the unsecured PIK notes by £36,473,940 (2019: £25,111,641). Total unsecured PIK notes amounting £34,805,837 has been repaid in 2020 (2019: £nil). Interest on the unsecured notes and unsecured PIK notes is charged at 12% per annum. The unsecured notes are fully repayable on 30 September 2022.

13. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

EUROPEAN INVESTMENTS (GFP II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

14. RELATED PARTY TRANSACTIONS

The Company is a related party of all companies within the InfraRed Partners LLP ("InfraRed") group of companies by virtue of its immediate parent company being InfraRed Environmental Infrastructure GP Limited (in its capacity as General Partner of each of the three limited partnerships constituting the InfraRed Environmental Infrastructure Fund), an InfraRed group company incorporated in the United Kingdom. The registered address of InfraRed Partners LLP is Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL.

As at 31 December 2020, an amount of £100 (2019: £100) was due from European Investments (GFP) Limited.

15. ULTIMATE PARENT UNDERTAKING

The ultimate controlling party is Sun Life Financial Inc., with a registered address of 1 York Street, Toronto, Ontario, Canada, M5J 0B6.

The smallest and largest group which consolidates the results of the Company is InfraRed Partners LLP, with a registered address of Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL.

The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

16. SUBSEQUENT EVENTS

In March 2021, proceeds were received for the transfer of the remaining sites in relation to the disposal of loan stock investments in GFP II Limited amounting to £4,000,000. Principal repayment on the 12% Loan notes of £115,387, 12% PIK notes amounting to £1,668,103 and the accrued interest thereon totalling to £2,216,510 were also repaid in full.

17. FINANCIAL RISK MANAGEMENT

The Company is subject to a number of financial risks throughout its business. Valuations are performed using a discounted cash flow approach and discount rates are determined from similar secondary market participants. All the Company's investments are in Pounds Sterling and hence there is no foreign exchange risk.

a) Credit risk

Credit risk is the risk of financial loss if a counterparty fails to meet its obligations to pay outstanding amounts as they fall due. The Company has no significant credit exposure.

Appropriate credit checks are required to be made on all counterparties to the Company. The Company plays an active part in the oversight of all underlying projects and along and assesses the credit risk of the investments on an ongoing basis.

b) Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due or can only do so at a significantly high cost. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due.