Registration No. OC414947

QHG Holding LLP

Annual Report and Financial Statements

31 May 2019

QHG Holding LLP

Annual report and financial statements 2019

Contents

QHG Holding LLP

Members and professional advisors

Members

Glencore Energy UK Ltd (appointed 5 December 2016)
Qatar Holding LLC (appointed 30 December 2016, resigned 6 September 2018)
QHG Cayman Limited (appointed 16 December 2016) (not a designated member)
Glencore International AG (appointed 6 September 2018)

Registered office

50 Berkeley Street
London
W1J 8HD

Principal place of business

50 Berkeley Street
London
W1J 8HD

Registered number

OC414947

Auditor

Deloitte LLP
London

Members' report

The Members present their report and the audited financial statements of QHG Holding LLP (the "LLP") for the year ended 31 May 2019 (the "Year"), comparative results are for the period from incorporation on 5 December 2016 to 31 May 2018 (the "Period").

Principal activities

The principal activity of the LLP is to carry out transactions from time to time including the indirect holding and disposal of an equity interest in PJSC Rosneft Oil Company. The LLP has raised funds from other Limited Liability Partnerships (the "Jointly Controlled LLPs") that were ultimately jointly controlled by: Glencore plc via Glencore Energy UK Ltd, and Qatar Investment Authority via Qatar Holding LLC. In September 2018, Qatar Holding LLC resigned from the partnership by mutual consent, and the LLP became a wholly owned subsidiary of Glencore plc via Glencore Energy UK Ltd and Glencore International AG. Since the results of the LLP are included in the consolidated financial statements of Glencore plc, the members have elected to present the financial statements for the current year on an entity only basis. In arranging the equity holding the LLP has incurred various fees for professional advisors and funding costs.

As shown in the statement of profit and loss and other comprehensive income on page 6 the result for the year was a loss of €59,315,000 (2018: €198,633,000). The statement of financial position on page 7 shows that the LLP's net liabilities are €257,948,000 (2018: €198,633,000).

The net liabilities of the LLP are guaranteed by a financial guarantee contract (see note 1) which QHG Trading LLP (a fellow subsidiary of Glencore plc) is party to.

Principal risks and uncertainties

Principal risks and uncertainties faced by the LLP are discussed further in note 6.

Going concern

As at period end the LLP has liabilities that exceed assets by €258 million. The Members have a reasonable expectation that the LLP will recover such loss in future periods from a financial guarantee contract (see note 1). In the previous period, Members had an intention to liquidate the LLP and therefore the 2018 financial statements were prepared on a basis other than that of a going concern. The Members are currently exploring options to sell their interests in the LLP, which creates a material uncertainty as to the potential purchaser's intentions that may cast a significant doubt on the LLP's ability to continue as a going concern, which in turn may result in the LLP being unable to realise its assets and discharge its liabilities. Despite this the members have no longer an intention to liquidate the LLP or to cease its principal activity as a holding LLP in the foreseeable future, thus they adopted the going concern basis of accounting in preparing the financial statements. Refer to note 12 for subsequent events.

Designated Members

The designated Members, as defined by the Limited Liability Partnerships Act 2000, during the period were:

Glencore Energy UK Ltd (appointed 5 December 2016)

Qatar Holding LLC (appointed 30 December 2016, resigned 6 September 2018)

Glencore International AG (appointed 6 September 2018)

Members' drawings and subscription and repayment of capital

No new members may be appointed to the LLP without the unanimous consent of all existing members. All net profits and net losses are to be allocated to the designated members in proportion to their Capital Contributions which is a 50:50 split between the two members. Neither Glencore Energy UK Ltd nor Glencore International AG may retire from the LLP without the consent of the other. QHG Cayman Limited may retire upon giving three months prior written notice to the other Members.

Approved by the Members and signed on their behalf by:

Warren Blount
Director of Glencore Energy UK Limited
14 August 2019

John Burton
Director of Glencore International AG

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm'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 International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report on the audit of the financial statements

Opinion

In our opinion the financial statements of QHG Holding LLP (the 'LLP'):

- give a true and fair view of the state of the LLP's affairs as at 31 May 2019 and of the LLP's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of QHG Holding LLP which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statements of in changes in Members' equity;
- the statement of cash flows; and
- the related notes 1 to 12.

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.

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.

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 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Members of the LLP are planning to dispose of their interests in the LLP. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the LLP's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent Auditor's report on the audit of the financial statements

Responsibilities of members

As explained more fully in the members' responsibilities statement, 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 limited liability 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 limited liability 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: 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 limited liability partnership'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 limited liability partnership'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 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.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership 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.

We have nothing to report in respect of these matters.

Christopher Jones FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

16 August 2019

QHG Holding LLP

Statement of profit or loss and other comprehensive income

	Note	Year ended 31 May 2019 €'000	18 Month Period ended 31 May 2018 €'000
Continuing operations			
(Loss) / gain on investments	3	(1,193)	1,193
Impairment of advances & receivables	4, 5	(54,391)	-
Administrative expenses	2	(3,731)	(199,826)
(Loss) for the period from continuing operations		(59,315)	(198,633)
(Loss) for the financial period		(59,315)	(198,633)

There were no items of other comprehensive income during the period and therefore no separate statement of comprehensive income is required.

The accompanying notes form an integral part of these financial statements.

QHG Holding LLP

Statement of financial position

	Note	As at 31 May 2019 €'000	As at 31 May 2018 €'000
Current assets			
Investments in subsidiaries	3	-	1,193
Advances	4	-	2,588,202
Trade and other receivables	5	-	118,429
Cash and bank balances		-	10
Total current assets		-	2,707,834
Current liabilities			
Trade and other payables	7	(76)	(189,442)
Borrowings	8	(257,872)	(2,717,025)
Total current liabilities		(257,948)	(2,906,467)
Net current (liabilities)		(257,948)	(198,633)
Net (liabilities) attributable to Members		(257,948)	(198,633)
Members' (deficit):			
Members' capital classified as equity	9	-	-
Accumulated loss attributable to Members	10	(257,948)	(198,633)
Total Members' (deficit)		(257,948)	(198,633)

The accompanying notes form an integral part of these financial statements.

The financial statements of QHG Holding LLP, registered number OC414947, were approved by the Members and authorised for issue on 14 August 2019 and signed on its behalf by:

Warren Blount
Director of Glencore Energy UK Limited
Designated Member

John Burton
Director of Glencore International AG

Statement of changes in Members' interests

	Members' capital (note 9) €'000	Total comprehensive (loss) €'000	Total members' equity / (deficit) €'000
At 5 December 2016	-	-	-
Net loss for the period	-	(198,633)	(198,633)
At 31 May 2018	-	(198,633)	(198,633)
Net loss for the year	-	(59,315)	(59,315)
At 31 May 2019	-	(257,948)	(257,948)

The accompanying notes form an integral part of these financial statements.

QHG Holding LLP

Statement of cash flows

	Year ended 31 May 2019 €'000	18 Month Period ended 31 May 2018 €'000
Cash flows from operating activities		
(Loss) from operations	(59,315)	(198,633)
Adjustments for non-cash items:		
- Impairment of advances & receivables	54,391	-
- Loss / (gain) on investments held at fair value	1,193	(1,193)
Change in working capital		
Decrease / (increase) in receivables	118,429	(118,429)
(Decrease) / increase in payables	(189,366)	189,442
Net cash (used in) operating activities	(74,669)	(128,813)
Cash flows from investing activities		
Advances repaid by / (paid to) subsidiaries	74,659	(2,588,202)
Net cash from / (used in) investing activities	74,659	(2,588,202)
Cash flows from financing activities		
Sub-ordinated debt (repaid) / raised	-	2,717,025
Net cash (used in) / from financing activities	-	2,717,025
Net (decrease) / increase in cash and cash equivalents	(10)	10
Cash and cash equivalents at start of the period	10	-
Cash and cash equivalents at end of the period	-	10

During the year, the sub-ordinated loan to QHG Investments LLP, a subsidiary of the LLP, was offset against the borrowings from QHG Trading LLP, a fellow subsidiary LLP of Glencore plc, by an amount of €2,459,152,000. This transaction did not generate any cash flows, but had the effect of reducing the carrying value of both to €nil after impairments. Had these been settled in cash, cash flows from investing activities would have been higher by €2,459,152,000 and cash flows from financing activities would have been lower by €2,459,152,000.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

QHG Holding LLP is a Limited Liability Partnership incorporated in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is 50 Berkeley Street, London, W1J 8HD. The financial statements are prepared for the year ended 31 May 2019 (the "Year"), comparative results are for the period from incorporation on 5 December 2016 to 31 May 2018 (the "Period").

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, as modified by the inclusion of financial instruments and investments at fair value.

Principles of consolidation

The Company is itself a subsidiary LLP and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 as applied to Limited Liability Partnerships and paragraph 4 of IFRS 10 "Consolidated Financial Statements". These financial statements therefore present information about the LLP as an individual undertaking and not about its group.

Going concern

As at period end the LLP has liabilities that exceed assets by €258 million. The Members have a reasonable expectation that the LLP will recover such loss in future periods from a financial guarantee contract (see note 1). In the previous period, Members had an intention to liquidate the LLP and therefore the 2018 financial statements were prepared on a basis other than that of a going concern. The Members are currently exploring options to sell their interests in the LLP, which creates a material uncertainty as to the potential purchaser's intentions that may cast a significant doubt on the LLP's ability to continue as a going concern, which in turn may result in the LLP being unable to realise its assets and discharge its liabilities. Despite this the members have no longer an intention to liquidate the LLP or to cease its principal activity as a holding LLP in the foreseeable future, thus they adopted the going concern basis of accounting in preparing the financial statements. Refer to note 12 for subsequent events.

New and amended standards which are not effective for the current period

The LLP has not yet applied the following new and revised International Financial Reporting Standards:

- IFRS 16, *Leases (effective for periods beginning on or after 1 January 2019.)*

The Members have assessed that there would be no material impact from the adoption of these new and revised standards on the financial statements of the LLP.

Adoption of new and revised Standards

In the current year, the LLP has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

The adoption of the amendments to IFRSs has not had any changes in classification or material impact on the disclosure or on the amounts reported in these financial statements. A brief explanation of the key changes is provided below:

1 Accounting policies (continued)

IFRS 9 – *Financial Instruments*

IFRS 9 supersedes IAS 39 "*Financial Instruments: Recognition and Measurement*" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and requires the LLP to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.

Changes in accounting policies resulting from IFRS 9 have been applied as at 1 June 2018, with no restatement of comparative information for the prior year. Consequently, any difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 has been recognised in the opening retained earnings as at date of initial application.

IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The LLP has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 June 2018. As the majority of the LLP's revenue is derived from interest on loans, for which the point of recognition is clearly defined as the point at which the right to receive the income arises, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue recognised by the LLP and accordingly prior period amounts were not restated.

Currency of financial statements

As the LLP undertakes the majority of its trading transactions in Euros, which is its functional currency, these financial statements have been presented in that currency.

Foreign currencies

Transactions during the period in currencies other than Euros are translated into Euros at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in currencies other than Euros are translated into Euros at the rates ruling on the balance sheet date. Exchange adjustments are dealt with in profit and loss in the period in which they arise.

Members' interest, divisible profit and Members' remuneration

The result of the LLP is allocable to the members in relation to their partnership interest. No member draws remuneration from the LLP. Members' interests are showin in the accounts as Members' capital.

Cash and cash equivalents

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

Notes to the financial statements

1 Accounting policies (continued)

Trade receivables and trade payables

Trade receivables and trade payables (including amounts owed by and to group companies) are measured at amortised cost, The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Investments

The LLP has elected to hold its investments in subsidiary undertakings at fair value through profit and loss. The valuation is performed at each reporting date based on the net asset value of the subsidiary with any gain or loss on fair value measurement taken to the profit and loss account.

Financial guarantee contracts

The LLP is party to a Risk Reduction Agreement which is accounted for as a financial guarantee contract. Any premium paid on such contracts is recognised in profit and loss immediately upon entering into such a contract. Only if the LLP considers it virtually certain that its claim under a financial guarantee contract will be successful, which would constitute formal acknowledgement of claim, its merit and formal notification of a reimbursement date, will the asset be remeasured upwards to reflect the amount expected to be paid under such claim. At the end of the period the LLP had submitted a claim, alongside a fellow subsidiary LLP of Glencore plc, under the financial guarantee contract totalling $371,401,000.

Critical accounting judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting judgements

Recognition of an asset under the financial guarantee contract

A judgment has been made that it is not virtually certain that the LLP's claim under a financial guarantee contract will be successful because there has been no formal notification of a reimbursement date under the claim. Therefore, in line with the LLP's accounting policy, no asset has been recognised in relation to the financial guarantee contract.

There are no other critical judgements or significant accounting estimates that have been made in the process of applying the LLP's accounting policies and that had a significant effect on the amounts recognised in the financial statements.

2. Administrative expenses

	2019 €'000	18 Month Period Ended 31 May 2018 €'000
Administrative expenses	(3,731)	(199,826)

Administrative expenses relate to legal expenses and arrangement fees incurred in establishing the LLP and its subsidiaries and securing its borrowing facilities, and advisory costs in relation to structuring the ultimate indirect holding in PJSC Rosneft Oil Company.

Included in administrative expenses are audit fees in relation to the audit of the financial statements of €20,000 (2018: €30,000) for the parent LLP. No Members' remuneration is charged as an expense to the profit and loss account.

3. Investments

	Subsidiaries €'000
At incorporation	-
Additions	-
Revaluations	1,193
At 31 May 2018	1,193

	Subsidiaries €'000
At 31 May 2018	1,193
Revaluations	(1,193)
At 31 May 2019	-

Additional information on subsidiaries:

Name	Country of incorporation	Activity	Class of share	Equity held %
QHG Investments LLP	United Kingdom	Investment	Ordinary	99.99
QHG Oil Ventures PTE LTD	Singapore	Investment	Ordinary	100

Registered office for QHG Investments LLP:

50 Berkeley Street, London, W1J 8HD

Registered office for QHG Oil Ventures PTE LTD:

1 Temsasek Avenue, 34-01 Millenia Tower, Singapore, 039192

Notes to the financial statements

4. Advances paid

The LLP has advanced a sub-ordinated loan to its subsidiary QHG Investments LLP which was used to acquire the shares in PJSC Rosneft Oil Company and on which no interest is charged. During the year, the advance paid was impaired because QHG Investment LLP is in a net liabilities position of €54,349,000 (2018: net assets of €1,193,000) and therefore unable to make repayments. As a result, an impairment of €54,349,000 (2018: €nil) was recognised in profit or loss.

5. Trade and other receivables

	2019 €'000	2018 €'000
Amounts owed by related parties	42	118,429
Loss allowance	(42)	-
	-	118,429

All debtors are due within one year and the carrying value approximates to fair value. During the year €42,000 owed by QHG Investment LLP was impaired.

6. Financial instruments

Investments, cash and cash equivalents, borrowings, and receivables and payables are the major classes of financial instruments to which the LLP was exposed.

Of the financial assets and liabilities above, all the above balances are due to mature within one year, with nil maturing after one year. There is no difference between fair value and the value at which the LLP could have settled its financial assets and liabilities at year end.

Liquidity and credit risk

Liquidity risk is the risk that the LLP is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds at an acceptable price to fund actual or proposed commitments.

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to the LLP within their agreed payment terms. Financial assets which potentially expose the LLP to concentrations of credit risk consist principally of cash and cash equivalents, receivables and advances. The LLP's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. The LLP's cash equivalents and short term deposits are placed with highly credit rated financial institutions. All exposures are considered creditworthy and impairments have been assessed. Credit risk has been quantified and assessed as immaterial and is thus not disclosed.

Interest rate and foreign exchange risk

The LLP monitors its interest rate risk, considering any material exposures. The LLP is exposed to the risks of changes in foreign currency exchange rates with regard to its trading activities. The Euro is the functional currency of the LLP, as the majority of transactions are denominated in Euro. Trading activities transacted in currencies other than Euros (principally Rubles, US Dollars and Pounds sterling) are hedged where possible through forward foreign exchange contracts.

6. Financial instruments (continued)

Offsetting of financial assets and liabilities

In accordance with IAS 32 the LLP reports financial assets and liabilities on a net basis in the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It is the LLP's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

Fair value of financial instruments

There is no difference between fair value and the value at which the LLP could have settled their financial assets and liabilities at the year end.

All investments are measured at fair value through profit and loss unless a sale is agreed in which case they are held for sale and valued at their agreed sale price. All other financial assets and financial liabilities are classified as loans and receivables and measured at amortised cost.

Fair value measurement

Quoted bid prices in an active market, have been used to determine the fair value of all types of financial instruments at the balance sheet date treated as level 1 in the IFRS 13 fair value hierarchy.

Where no active market exists for a financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument which is substantially the same and are treated as level 2 in the IFRS 13 fair value hierarchy.

7. Trade and other payables

	2019 €'000	2018 €'000
Amounts owed to related companies	(76)	(189,442)
	(76)	(189,442)

Amounts owed to related companies include short term advances received from QHG Trading LLP.

8. Borrowings

	2019 €'000	2018 €'000
Amounts owed to related parties	(257,872)	(2,717,025)
	(257,872)	(2,717,025)

Amounts owed to related parties relates to amounts owed to QHG Trading LLP used to fund the activities of the LLP. All borrowings are expected to be repaid in full within the next twelve months subject to recovery of amounts claimed under a financial guarantee contract.

Notes to the financial statements

9. Members' capital

Members' contributions:
2 units of €1 each

All net profits and net losses are to be allocated to the designated members in proportion to their Capital Contributions which is a 50:50 split between the two members.

10. Members' Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to members.

11. Related party transactions

Transactions with related parties are shown below.

Nature of transactions

All related party transactions were executed on normal commercial terms and conditions. The nature of the transactions with related parties was fees receivable and payable for administrative and investment services and funding received from consortium members.

Value of transactions

	LLP Only 2019 €'000	LLP Only 2018 €'000
Sub-ordinated Loan payable	(257,872)	(2,717,025)
Financial liabilities	(76)	-

Balances with related parties

The following were the balances with related parties at the end of the year. They are shown on an aggregate basis:

	LLP Only 2019 €'000	LLP Only 2018 €'000
Sub-ordinated Loan payable	(257,872)	(2,717,025)
Financial liabilities	(76)	-

12 Subsequent events

The Members have entered discussions with a potential purchaser to acquire their interests in the LLP. Other than this, there are no significant events subsequent to the balance sheet date.