LLP Registration No. OC416592 (England and Wales)

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

CONTENTS

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

LLP INFORMATION

Designated members	OGCI Climate Investments LLP OGCI Climate Investments Group Limited
LLP registered number	OC416592
Registered office	Suite 1 3rd Floor 11-12 St. James's Square London United Kingdom SW1Y 4LB
Independent auditors	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF

The members present their annual report with the financial statements of OGCI Climate Investments Holdings LLP ("OGCI CI Holdings LLP" or "the LLP") for the year ended 31 December 2018. The LLP was incorporated on 27 March 2017.

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

Areas of focus are:

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

During 2018, the LLP made 6 new investments:

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

- Kelvin: Kelvin is a US-based software company, that monitors complex processes for oil and gas customers. The company has also developed proprietary hardware to enable this solution by acquiring higher resolution data. Kelvin uses this data and its monitoring software to provide actionable insights to its customers, and control artificial lift assets for plunger lift systems. Customers report fewer manual interventions, lower costs, higher production, and reduced methane emissions. This application is promising as it aligns economic incentives (higher production and lower expenses) with a reduction in methane emissions.

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

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

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

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

Designated Members
OGCI Climate Investments Group Ltd and OGCI CI LLP were designated members of the LLP throughout the year.

Members' capital and interests
Members are required to subscribe to the LLP in accordance with the provisions of the members agreement in order to fund investments. Capital subscribed is repayable by the LLP when required by the members.

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

All profits & losses are allocated to the current account of OGCI CI LLP under the terms of the members agreement. Profits are distributed to members at such times as they may determine appropriate.

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

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

Board members of OGCI CI LLP during the period were:

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

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

Governance

OGCI CI Holdings LLP is governed under the same principles of OGCI CI LLP Members Agreement. Under the terms of that Agreement, the Board of OGCI CI LLP has established the following sub-committees:

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

UK taxation of income

Under UK tax law, as a Limited Liability Partnership, the LLP is not subject to taxation on profits arising in LLP. Members are individually assessed and liable for taxation arising on their shares of profits and accordingly no provision in recognised in these financial statements

Auditor

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

On behalf of the board

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Pratima Rangarajan, Director

OGCI Climate Investments Group Limited

Designated Member

Date: 30 APRIL 2019

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

Members are required to:

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

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

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OGCI CLIMATE INVESTMENTS HOLDINGS LLP

Opinion

We have audited the financial statements of OGCI Climate Investments Holdings LLP for the period ending 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in members' interest and statement of cash flows and the related notes [1 to 16], including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Responsibilities of members
As explained more fully in the Members' Responsibilities Statement set out on pages [3 - 5], the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Ernst & Young LLP

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

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Administrative expenses		-	(540)
Operating profit/(loss)		-	(540)
Interest receivable on convertible loans	6	142	-
Profit/(loss) before taxation		142	(540)
Profit/(loss) for the period before members' remuneration		142	(540)
Remuneration (credited)/charged to members' distribution accounts	13	(142)	540
Result for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The notes on pages 13 to 21 are an integral part of these financial statements.

The income statement has been prepared on the basis that all operations are continuing operations.

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

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Non-current assets			
Investments	7	49,811	15,000
Total assets		49,811	15,000
Current liabilities			
Members' interest		49,811	15,000
Total equity and liabilities	13	49,811	15,000

The notes on pages 13 to 21 are an integral part of these financial statements.

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

David Eyton
For and behalf of OGCI Climate Investments LLP
Designated Member

Company Registration No. OC416592

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

The LLP has no equity and accordingly has not presented a Statement of Changes in Equity.

The notes on pages 13 to 21 are an integral part of these financial statements.

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS

FOR THE YEAR ENDED 31 DECEMBER 2018

		Balances classified as debt		
	Notes	Members' capital $'000	Members' distribution account $'000	Total $'000
On incorporation		-	-	-
Remuneration charged to members' distribution accounts		-	(540)	(540)
Capital introduced		15,540	-	15,540
At 31 December 2017		15,540	(540)	15,000
Remuneration credited to members' distribution accounts		-	142	142
Capital introduced		34,669	-	34,669
At 31 December 2018	8	50,209	(398)	49,811

The notes on pages 13 to 21 are an integral part of these financial statements.

OGCI CLIMATE INVESTMENTS HOLDINGS LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

The LLP has no cash and accordingly has not presented a Statement of Cash Flows.

The reconciliation of loss after tax to cash generated from operations is presented in note 15.

1 Accounting policies

Company information
OGCI Climate Investments Holdings LLP ("the LLP") is a limited liability partnership and was incorporated on 27 March 2017 and domiciled in England and Wales.The LLP's registered office is Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

The principal activity of the LLP is to act as a holding LLP for investments made by OGCI Climate Investments LLP.

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

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

The LLP's financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to Limited Liability Partnerships reporting under IFRS. The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime. The financial statements have been drawn up for the year ended 31 December 2018.

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

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

Fair Value Measurement

The LLP measures financial instruments, such as trade investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

1 Accounting policies **(Continued)**

The fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interests.

The LLP uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the measurement is unobservable.

The LLP's Valuation Committee determines the policies and procedures for fair value measurement. The Valuation Committee is comprised of the Chief Executive Officer, the Ventures Director and the Finance Director.

The key financial instruments relevant to the LLP are its investments in companies engaged in greenhouse gas (GHG) emission reduction technology development and commercialisation.

Annually, the results of the fair value review are presented to the Audit Committee and the LLP's independent auditors. This includes a discussion of the major assumptions used in the valuations.

Financial Assets

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

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

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

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

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

Subsequent measurement

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

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

1 Accounting policies (Continued)

For the purposes of the fair value disclosures, the LLP has determined classes of assets on the basis of the nature, characteristics and risk of the asset. At present, there is only one class of financial asset, namely trade investments. Trade Investments can include equity or other instruments of another entity. The early stage technology and/or business model investment nature of some LLP investments is such that assessing fair value may be difficult with limited relevant information available in order to assess the fair value. For many investments, which are in early stage ventures, the most appropriate estimate of fair value is likely to be cost or cost less impairment provision.

Subsequent Fair Value Estimates: To value an investment, the LLP places the most weight on valuation methodologies that are objective and timely. For the annual investment valuation, the LLP considers available information from market participants, the relevant marketplace and the global economy along with specific facts and circumstances in determining the fair value of their investments. However, the LLP may conclude, after considering the facts and circumstances, that the best indication of fair value is provided by cost or the value of the latest round of financing.

The LLP reconsiders a company's fair value in connection with each material equity financing, regardless of the LLP's participation. The value of the last round of financing is a factor in determining fair value, but it is not necessarily the only factor. A subsequent equity financing that includes substantially the same group of investors as the prior financing is an appropriate factor to consider in valuing prior investments unless it can be demonstrated that the financing no longer represents fair value.

After some period of time, cost or the latest round of financing becomes less reliable as an approximation of fair value. Therefore, the LLP assesses whether fair value has changed even though there has not been a new round of financing. Examples of changes in circumstances which could indicate a change in fair value may include, but are not limited to, the following:

- The current performance of the company is significantly above or below the expectations at the time of the original investment. Potential indicators of this situation will include evaluation of the company's success or failure in attaining certain milestones, achieving technology breakthroughs, developing proprietary technology, progressing through clinical trials or significantly exceeding or failing to meet budgets.

- Market, economic or company specific conditions have significantly improved or deteriorated since the time of the original investment. Potential indicators of this situation will include evaluation of broad changes in the economic climate, changes in the financing markets, changes in the legal or regulatory environment in which the company operates, changes in the company's cost structure, increased or decreased risk factors faced by the company, or significant fluctuations in share prices of quoted companies operating in the same or a related industry.

- Substantial decreases in the value of quoted, more senior securities of the company (e.g., public debt), defaults on any obligations of the company, a bankruptcy filing, significant ownership dilution caused by recapitalization of the company, or liquidity concerns that are expected to be more than short term in nature are circumstances which may indicate a potential impairment in value.

The result of such consideration will provide indications whether the carrying value of the investment should be increased or decreased to represent fair value.

When valuation adjustments are necessary, the methodology used uses techniques appropriate to the fair value hierarchy set out above.

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

1 Accounting policies **(Continued)**

Financial Liabilities

Financial liabilities, which for the LLP is solely members capital. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

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

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

Derecognition of financial liabilities

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

1.4 Members' capital

Members' capital, which is repayable as determined and agreed by the members, is accounted for as a current financial liability.

1.5 Taxation

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

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

1.6 Foreign exchange

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

1.7 Allocation of profits & losses

The profits and losses of the LLP are automatically allocated under the terms of the LLP agreement to the members. Under that agreement, all profits & losses are allocated to the current account of OGCI CI LLP. Profits are distributed to members at such times as they may determine appropriate.

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

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

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

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

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

- Disclosures: The standard introduces expanded disclosure requirements and changes in presentation included in this report.

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

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

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

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

Standards which are in issue but not yet effective

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

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

IFRS 16 Leases were in issue but not yet effective as the LLP holds no leases and has not identified any applicable contracts that would require an asset and liability to be recognised.

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

3 Critical accounting estimates and judgements

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

Fair value of investments
Investments made by the LLP are classified as financial instruments held at fair value through profit and loss and therefore their carrying value is subject to estimation. Further details are given in note 7.

4 Auditor's remuneration

Fees payable for the audit of the LLP is $14,500 (2017 - $10,000) and have been borne by the parent entity, OGCI Climate Investments LLP.

5 Employees

The LLP had no employees employed during the period.

There were no payroll costs during the period.

6 Investment income

	2018 $'000	2017 $'000
Interest income		
Interest receivable on convertible loans	142	-

The interest income receivable on convertible loans relates to funding provided to an investee company during 2018 of $5m.

7 Financial Instruments: Investments

Trade Investments at carrying value	2018 $'000	2017 $'000
Brought forward	15,000	-
Additions	34,811	15,000
At 31 December 2018	49,811	15,000

New investments made in 2018 includes both equity investments and convertible loans. Included in the investments above is $5.142m in respect of convertible loan notes and accrued interest with an investee company. These notes accrue interest at 8-10% per annum. They are convertible to equity either when the investee company completes a qualifying external financing before 31 December 2019, or if such financing does not take place, at the election of the note holders on or after 31 December 2019.

Assets measured at fair value through profit & loss

			Fair value measurement using		
		Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
		$'000	$'000	$'000	$'000
Trade investments	31 December 2018	49,811	-	49,811	-
Trade investments	31 December 2017	15,000	-	15,000	-

8 Financial Instruments: Liabilities

	2018 $'000	2017 $'000
Members' capital classified as debt, at amortised cost	50,209	15,540
	50,209	15,540

9 LLP Financial Risk Factors

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

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

10 Liquidity risk

Liquidity risk arises from the LLP's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, as well as members' capital.
The table below sets out the contractual maturities (representing undiscounted contractual cash-flows) of trade and other payables

	Up to 1 year $'000
At 31 December 2017	
Trade and other payables excluding non-financial liabilities	15,540
At 31 December 2018	
Trade and other payables excluding non-financial liabilities	50,209

Members are required to provide OGCI CI Holdings LLP with capital in accordance with the provisions of members agreement, in order to fund investments. This capital is accounted for within trade and other payables. Capital subscribed is repayable by the LLP when required by the members. As this capital is repayable on demand it has been categorised as payable within 1 year, however it is not the intention of the members to recall this within the next year.

11 Market risk

Market risk management
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The LLP only exposed to other price risk through its trade investments which are held at fair value.

12 Capital risk management

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

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

13 Member's interests

	2018	2017
	$'000	$'000
At the beginning of the year	15,000	-
Members' capital classified as debt	34,669	15,540
Members' distribution account	142	(540)
At the end of the year	49,811	15,000

Members' capital, is repayable as determined and agreed by the members. This means it is theoretically repayable on demand and as a result is accounted for as a current financial liability. However, it is not the intention of members to recall this amount within the next year.

Members' distribution accounts represent profits and (losses) automatically allocated to members' as set out in the LLP agreement.

14 Controlling party

OGCI Climate Investments LLP is the immediate and ultimate controlling entity of the LLP. The registered address of OGCI Climate Investments LLP is Suite 1, 3rd Floor 11-12 St. James's Square, London SW1Y 4LB.

15 Reconciliation of loss to cash generated from operations

	2018	2017
	$'000	$'000
Operating profit/(loss)	142	(540)
Adjustments for:		
Members remuneration allocated to distribution account	(142)	540
Cash generated from operations	-	-

16 Events after the reporting date

In March and April 2019, the LLP has completed two new investments in companies totalling $13.2m, together with a follow on investment in an existing investee company of $1.16m.