

**Company Registration No. 08126173 (England and Wales)**

**Greensill Capital (UK) Limited**

**Annual report and financial statements  
for the year ended 31 December 2018**



## **Greensill Capital (UK) Limited**

### **Company information**

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<b>Directors</b>	Alexander Greensill William Crothers Jonathan Lane Alastair Eadie Bartholomeus Ras
<b>Secretary</b>	Rachel Donnelly Jonathan Lane
<b>Company number</b>	08126173
<b>Registered office</b>	One Southampton Street Covent Garden London WC2R 0LR
<b>Independent auditors</b>	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

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## **Greensill Capital (UK) Limited**

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## **Greensill Capital (UK) Limited**

### **Strategic report**

**For the year ended 31 December 2018**

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The directors present the strategic report and financial statements for the year ended 31 December 2018.

#### **Strategic focus**

Greensill Capital (UK) Limited specialises in providing effective and comprehensive working capital solutions to corporates globally. It is focused on having the broadest and most robust sources of capital, leveraging technology and data to develop innovative finance solutions and partnering with leading electronic platforms.

#### **Review of the business**

Revenue for the year was US\$233.6 million (2017: US\$115.9 million), an increase of 101% on 2017. This was achieved through the continued expansion and deepening of our product offerings, both in terms of existing and new customer base, driven by our core strengths of innovation, client focus and execution.

Administrative expenses totalled US\$193.5 million (2017: US\$86.1 million). The increase reflects our continuing investment across all functional disciplines of the business to support our growth plans, build capacity and scale in our operating platform and support new product developments.

The implementation of IFRS 9, Financial Instruments, in the year also resulted in an increased impairment charge of US\$13.3 million in 2018.

After financing costs, the resulting profit after tax was US\$33.3 million (2017: US\$31.9 million).

On the company balance sheet total assets were US\$277.7 million as at 31 December 2018 (2017: US\$368.9 million). Total liabilities were US\$148.7 million as at 31 December 2018 (2017: US\$270.1 million), as borrowing levels were reduced. The increase in total equity to US\$129.1 million as at 31 December 2018 (2017: US\$98.8 million) was principally due to the increase in retained earnings during the year.

#### **Key performance indicators**

The directors consider the company's key performance indicators to be as shown in the table below:

	<b>2018</b>	<b>2017</b>
	<b>US\$</b>	<b>US\$</b>
Revenue	233.6m	115.9m
Net profit after taxation	33.3m	31.9m

### **Risk management**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a key priority for Greensill and the Risk team take on an important oversight role in this regard.

#### *Framework*

The Governance, Risk and Compliance framework helps Greensill anticipate risks earlier, minimising the potential for deviations in performance, losses, incidents or failures. It also improves collaboration, trust and information sharing across Greensill, and supports the identification and pursuit of new opportunities in accordance with our risk tolerance and strategy.

Greensill adopts the Three Lines of Defence model to manage risk, which ensures appropriate responsibility is allocated across the business and is enhancing its training programme covering all relevant aspects of risk and compliance.

#### *Risk Profile*

Given the pace of growth we have experienced and our future plans, the main risk factors affecting the business are:

- **Credit Risk**

Greensill provide working capital financial solutions mainly against contractual payment obligations. Our primary risk is counterparty default risk, and this is mitigated using credit insurance in respect of assets which Greensill sells to the capital markets. Greensill continues to enhance the rigour of its credit framework and monitoring processes.

- **Liquidity Risk**

With the increase in the number of transactions and clients, oversight of Greensill's cashflow and balance sheet has become of greater importance and Greensill has established a treasury function to enhance the treasury framework and policies.

- **Brexit**

There is a risk that the UK's exit from the EU will impact our business both directly and indirectly and we have developed contingency plans, both internally and with our key partners and we continue to monitor developments closely. In addition, we have limited our FX exposure with a robust hedging process.

- **Transformation**

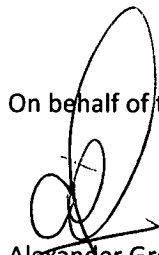
Given the current levels of change taking place, we are exposed to transformation risk (risk of loss or failure resulting from change). We ensure appropriate Risk management and Governance across our transformation activity. Every major initiative is overseen by a senior member of the executive leadership team and associated risks are monitored closely, supported by robust governance and programme/project management structures. Regular reports are submitted to the Board and Risk Committee. In addition, we have strengthened our HR capabilities to ensure we continue to attract and retain the right calibre of staff and are currently reviewing our end to end HR processes and procedures.

**Employee participation**

Management encourage the involvement of employees through a process of communication and consultation with all members of staff, through discussions, emails and management presentations. This process helps develop a common awareness by all employees of the financial and economic factors affecting the performance of the company.

The company takes its environmental responsibilities seriously, and also seeks to engender corporate and social responsibility in its staff. To this end, from time to time Greensill pledges or matches contributions for charitable events in which staff participate.

On behalf of the board

A handwritten signature in black ink, consisting of a large loop at the top and a series of smaller loops and strokes below it, ending in a horizontal line.

Alexander Greensill

**Director**

1 July 2019

## **Greensill Capital (UK) Limited**

### **Directors' report**

**For the year ended 31 December 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the company continued to be the provision of supply chain finance.

#### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alexander Greensill	
Peter Greensill	(Resigned 22 January 2018)
Jason Austin	(Resigned 21 June 2019)
Maurice Thompson	(Resigned 22 January 2018)
Roland Hartley-Urquhart	(Resigned 22 January 2018)
David Brierwood	(Resigned 22 January 2018)
Patrick Allin	(Resigned 22 January 2018)
William Crothers	
Christopher Bates	(Appointed 14 December 2018 and resigned 9 January 2019)
Jonathan Lane	(Appointed 14 December 2018)
Alastair Eadie	(Appointed 19 February 2019)
Bartholomeus Ras	(Appointed 19 February 2019)

#### **Auditor**

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

**Statement of directors' responsibilities**

The directors are responsible for preparing the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Alexander Greenhill

**Director**

1 July 2019



## **Greensill Capital (UK) Limited**

### **Independent auditor's report**

#### **To the members of Greensill Capital (UK) Limited**

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#### **Opinion**

We have audited the financial statements of Greensill Capital (UK) Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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 company 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.

#### **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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

## **Greensill Capital (UK) Limited**

### **Independent auditor's report (continued)** **To the members of Greensill Capital (UK) Limited**

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#### **Other information**

The directors 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 this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Greensill Capital (UK) Limited**

**Independent auditor's report (continued)**

**To the members of Greensill Capital (UK) Limited**

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**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: <http://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 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.



**Michael Di Leto (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

1 July 2019

**Chartered Accountants**  
**Statutory Auditors**

71 Queen Victoria Street  
London  
EC4V 4BE

**Greensill Capital (UK) Limited**

**Statement of comprehensive income  
For the year ended 31 December 2018**

	Notes	2018 US\$'000	2017 US\$'000
Revenue	4	233,630	115,850
Gross profit		233,630	115,850
Other operating income	4	3,056	4,725
Administrative expenses		(193,524)	(86,069)
Operating profit	5	43,162	34,506
Investment revenues	7	67	108
Finance costs	8	(1,579)	(1,640)
Profit before taxation		41,650	32,974
Income tax expense	9	(8,303)	(1,030)
Profit and total comprehensive income for the year		33,347	31,944

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


**Greensill Capital (UK) Limited**

**Statement of financial position**

**As at 31 December 2018**

	Notes	2018 US\$'000	2017 US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	2,275	1,237
Investments	11	354	58,986
Deferred tax asset	17	3,309	7,395
		<u>5,938</u>	<u>67,618</u>
<b>Current assets</b>			
Trade and other receivables	14	168,765	188,474
Cash and cash equivalents		78,043	112,830
Derivative financial instruments	13	25,000	-
		<u>271,808</u>	<u>301,304</u>
<b>Total assets</b>		<u>277,746</u>	<u>368,922</u>
<b>Current liabilities</b>			
Trade and other payables	16	145,383	268,178
Current tax liabilities		3,284	1,895
		<u>148,667</u>	<u>270,073</u>
<b>Net current assets</b>		<u>123,141</u>	<u>31,231</u>
<b>Total liabilities</b>		<u>148,667</u>	<u>270,073</u>
<b>Net assets</b>		<u>129,079</u>	<u>98,849</u>
<b>Equity</b>			
Called up share capital	18	13	13
Share premium account	19	134,773	134,773
Other reserves		(9,960)	(9,960)
Retained earnings		4,253	(25,977)
<b>Total equity</b>		<u>129,079</u>	<u>98,849</u>

The financial statements were approved by the board of directors and authorised for issue on 1 July 2019 and are signed on its behalf by:

  
Alexander Greensill  
Director

Company Registration No. 08126173

**Greensill Capital (UK) Limited**

**Statement of changes in equity  
For the year ended 31 December 2018**

		Share capital	Share premium account	Other reserves	Retained earnings	Total
	Notes	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2017</b>		11	102,777	(9,960)	(57,921)	34,907
<b>Year ended 31 December 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	31,944	31,944
Issue of share capital	18	2	31,996	-	-	31,998
<b>Balance at 31 December 2017</b>		13	134,773	(9,960)	(25,977)	98,849
Effects of changes in accounting policies	15	-	-	-	(3,117)	(3,117)
<b>Balance at 1 January 2018</b>		13	134,773	(9,960)	(29,094)	95,732
<b>Year ended 31 December 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	33,347	33,347
<b>Balance at 31 December 2018</b>		13	134,773	(9,960)	4,253	129,079

**Greensill Capital (UK) Limited**

**Statement of cash flows**

**For the year ended 31 December 2018**

	Notes	US\$'000	2018 US\$'000	US\$'000	2017 US\$'000
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25		(4,665)		13,360
Interest paid			(1,579)		(1,640)
Tax paid			(2,828)		-
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(9,072)</b>		<b>11,720</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(1,382)		(258)	
Purchase of investments		(24,400)		(4,730)	
Interest received		67		108	
<b>Net cash used in investing activities</b>			<b>(25,715)</b>		<b>(4,880)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-		31,998	
<b>Net cash generated from financing activities</b>			<b>-</b>		<b>31,998</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(34,787)</b>		<b>38,838</b>
Cash and cash equivalents at beginning of year			112,830		73,992
Cash and cash equivalents at end of year			<u>78,043</u>		<u>112,830</u>

**1 Accounting policies**

**Company information**

Greensill Capital (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is One Southampton Street, Covent Garden, London, WC2R 0LR.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest '\$000.

The financial statements have been prepared on the historical cost basis, unless otherwise stated. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Greensill Capital (UK) Limited is a wholly owned subsidiary of Greensill Capital Pty Limited and the results of Greensill Capital (UK) Limited are included in the consolidated financial statements of Greensill Capital Pty Limited which are available from Level 1, 62-66 Woondooma Street, Bundaberg, QLD 5670, Australia.

**1.2 Going concern**

The company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The directors have prepared the financial information on a going concern basis, as in their opinion the company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. Should the going concern assumption no longer remain valid the carrying value of the company's assets will need to be assessed for impairment and the balance sheet will need to be prepared on a break-up basis.



**1 Accounting policies (continued)**

**1.3 Revenue**

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service (i.e an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. The fair value of the consideration is not adjusted to reflect a financing component where, at contract inception, the period between when the company transfers a promised good or service to a customer, and when the customer pays for that good or service, is one year or less. Variable consideration is included in the transaction price to the extent that it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved.

**Supply chain finance revenue**

Revenue of the company is derived from supply chain finance either as gains on originating assets which are then distributed, or as interest recognised using the effective interest method on assets retained by the company.

**Rendering of services**

The company earns structuring fees in relation to the provision of SCF and Accounts Receivable facilities when the related performance obligation has been satisfied. When (or as) a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts it collects as an agent.

**Interest revenue**

Interest is recognised using the effective interest method, being the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Gain on disposal of non-current assets**

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

**Other income**

Other income is recognised on an accruals basis when the company is entitled to it.

**1 Accounting policies (continued)**

**1.4 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the length of the lease
Fixtures, fittings & equipment	over 4 years
Plant and machinery	over 4 years

**1.5 Non-current investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**1.6 Impairment of non-financial assets**

At each reporting end date, the company reviews the carrying amounts of its non-financial assets that are normally subject to amortisation or depreciation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1 Accounting policies (continued)**

**1.7 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

**Financial assets**

The origination, purchase or sale of financial assets are recognised on the trade date – being the date on which the company commits to purchase or sell the asset. Initial recognition is recorded at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the company has transferred substantially all risks and rewards of ownership.

There are three primary measurement categories for financial assets being:

- a) amortised cost;
- b) fair value through other comprehensive income (FVOCI); and
- c) fair value through profit or loss (FVTPL).

The entity's business model objective for the relevant financial assets is the key driver for determination of classification. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

**1 Accounting policies (continued)**

**a) Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) it is held in order to collect contractual cash flows; and
- b) it contains contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest.

These assets are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition. The amortised cost is reduced by impairment losses (see below). Any gain or loss on derecognition is recognised in profit or loss.

**b) Financial assets at fair value through other comprehensive income (FVOCI)**

Debt instruments are measured at FVOCI if they are held for a business model achieved by collecting contractual cash flows and selling, and contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest. After initial recognition, these assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI, on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**c) Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes financial assets held for trading, and all derivative financial assets. On initial recognition, the company may irrevocably designate at FVTPL a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**1 Accounting policies (continued)**

***Impairment for credit losses***

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. An expected credit losses (ECL) model replaces the incurred loss impairment model used in IAS 39. For financial liabilities designated at fair value through profit or loss, changes in own credit risk are now recorded in other comprehensive income.

The IFRS 9 ECL model requires the classification of credit exposed assets between Stage 1 (performing), Stage 2 (under-performing) and Stage 3 (non-performing). This classification has a significant impact on the accounting, since how an asset is classified dictates whether ECL is based on 12-month expected loss (Stage 1), lifetime expected loss (Stage 2), or lifetime incurred and expected loss (Stage 3).

Under IFRS 9, loss allowances are measured on the following bases:

- 12-month ECLs: these are ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. When determining whether there has been a significant increase in credit risk, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information, which is based on the company's historical experience and informed credit assessment and includes forward-looking information. The company assumes that credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. Measurement of ECLs requires a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For certain new portfolios of assets, management does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on an individual instrument basis. In that case, lifetime ECL is recognised on a collective basis that considers comprehensive credit risk information, incorporating not only past-due information but also all relevant forward-looking information, in order to estimate ECL in respect of the asset portfolio.

## 1 Accounting policies (continued)

### 1.10 Financial liabilities

Financial liabilities are measured at amortised cost or fair value through profit or loss (when they are held for trading). Financial liabilities can be designated at FVTPL if managed on a fair value basis or if the designation eliminates or reduces an accounting mismatch. For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the entity's own credit risk should normally be recognised in OCI, with the remainder recognised in profit or loss. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Amounts payable in respect of financial guarantees issued by the company are initially measured at fair value (which is normally represented by cost), and subsequently measured at the higher of:

- (i) the amount of the ECL loss allowance determined in accordance with IFRS 9; and
- (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15

Amounts payable in respect of financial guarantees are reported within Trade and other payables, and movement in the year is charged to the income statement within the IFRS 9 loss allowance charge for year.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1 Accounting policies (continued)**

**1.12 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

**1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is also dealt with in 'other comprehensive income'. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees.

**1 Accounting policies (continued)**

All other leases are treated as operating leases. Where the company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**1.15 Foreign exchange**

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

**1.16 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events, and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.



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

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

- IFRS 9 - Financial Instruments;
- IFRS 15 - Revenue from Contracts with Customers;
- IFRS 2 (amendments) - Classification and Measurement of Share-based Payment Transactions;
- IFRS 4 (amendments) - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and
- IFRIC Interpretation 22 - Amendments to IAS 40, Foreign Currency Translations and Advance Consideration.

The impact of IFRS 9 and IFRS 15 is discussed in detail below. The other new standards have not had a significant impact on the financial position or performance of the company.

### *IFRS 9 - Financial instruments*

IFRS 9, issued in July 2014, is effective for all accounting periods beginning on or after 1 January 2018. In accordance with the IFRS 9 transition requirements, comparative information for 2017 has not been restated and transitional adjustments have been accounted through retained earnings as at 1 January 2018, the date of initial application. A detailed description of the standard is available on the IFRS website: <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-9-financial-instruments/>

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and amends the guidance in IAS 39 that governs classification and measurement of financial instruments. IFRS 9 retains three primary measurement categories for financial assets being: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The entity's business model objective for the relevant financial assets and financial liabilities is the key driver for determination of classification.

An expected credit losses (ECL) model replaces the incurred loss impairment model used in IAS 39. For financial liabilities designated at fair value through profit or loss, changes in own credit risk are now recorded in other comprehensive income.

IFRS 9 has had no impact on the classification and measurement of the company's financial assets and liabilities, except for the calculation of impairment under the ECL model, which is discussed in detail in note 1.9 above.

Notes to the financial statements (continued)  
For the year ended 31 December 2018

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**2 Adoption of new and revised standards and changes in accounting policies (continued)**

The company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows, which is charged against retained earnings as at the date of initial application:

	\$'000
Loss allowance at 31 December 2017 under IAS 39	2,345
Additional impairment recognised at 1 January 2018 on	
- Trade and other receivables	3,177
Loss allowance at 1 January 2018 under IFRS 9	5,522

The IFRS 9 impairment charge in the 2018 Income statement totals \$21.08m, \$13.38m higher than the equivalent IAS 39 impairment charge would have been for the same period.

*IFRS 15 - Revenue from contracts with customers*

IFRS 15 (latest amendment issued in April 2016) introduces a new standard for the recognition of revenue from contracts with customers. It is effective for all accounting periods beginning on or after 1 January 2018 and replaces IAS 18 'Revenue'. The company has adopted IFRS 15 with effect from 1 January 2018 and has adopted the modified retrospective approach without restatement of comparatives. A detailed description of the standard is available on the IFRS website: <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-15-revenue-from-contracts-with-customers/>

IFRS 15 establishes criteria which govern revenue recognition in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue should not be recognised until a customer obtains control of a good or service and can use and obtain the benefits from the good or service. Variable consideration is included in the transaction price to the extent that it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved. The Standard introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Management has reviewed the impact of IFRS 15 on the material revenue streams of the company and has concluded that the application of IFRS 15 has not significantly changed the amount or timing of the revenue recognised by the company.

**2 Adoption of new and revised standards and changes in accounting policies (continued)**

**Standards which are in issue but not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

**Effective 1 January 2019**

- IFRS 16 – Leases;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Venture;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- Annual Improvements to IFRS Standards 2015–2017 Cycle; and
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement.

**Effective 1 January 2021**

- IFRS 17 - Insurance Contracts;

Early implementation of these standards before effective date is not expected. Management are currently assessing the impact of these standards, the most significant of which, IFRS 16, is discussed below.

**IFRS 16 – Leases**

IFRS 16, issued by the IASB in January 2016, is effective for periods beginning on or after 1 January 2019. IFRS 16 specifies how to recognise, measure, present and disclose leases. The company has chosen not to implement early and intends to adopt the modified retrospective approach on transition. This will require an adjustment to retained earnings as at 1 January 2019, and prior year comparatives will not be restated. A detailed description of the standard is available on the IFRS website: <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-16-leases/>

On adoption of IFRS 16, the main impact on the company will be the gross-up of the balance sheet in respect of its operating lease commitments, with the recognition of right-of-use assets and lease liabilities on the balance sheet. The net impact on retained earnings is not expected to be material, but going forward, a straight-line depreciation expense will be recognised in the income statement in relation to the right-of-use assets and an amortising interest charge will be recognised in the income statement in relation to the lease liabilities. The interest charge will be front-loaded in the earlier periods of a lease as the interest element unwinds. This will replace the operating lease expense currently recognised in the income statement under IAS 17.

### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements, estimates and assumptions made have been described below:

#### **Critical judgements**

##### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgement as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future economic conditions.

##### **Impairment of property, plant and equipment**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

#### **Key sources of estimation uncertainty**

##### **Fair Value of Financial Instruments**

The company has certain financial assets and liabilities which are measured at fair value. Where fair value is not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimate and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

##### **Revenue Recognition - Long Term Contracts**

The company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

**3 Critical accounting judgements and key sources of estimation uncertainty (continued)****Impairment of financial instruments**

The implementation of IFRS 9, Financial Instruments, as at 1 January 2018, and the resulting changes in approach in providing for impairment for credit losses, are discussed in Note 1.9. The recognition and measurement of expected credit losses (ECLs) under IFRS 9 is a complex process which involves the use of significant judgement and estimation. The calculation of 'expected' rather than 'incurred' loss requires assimilation of forward-looking information into the Probability of Default (PD) and ECL estimates which are used to meet the IFRS 9 measurement requirements. Financial assets which are considered as performing loans, on which 12 month ECL is recognised, are classified as Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2, and financial assets for which there is objective evidence of impairment and are considered to be in default or otherwise credit-impaired are in Stage 3. Lifetime ECLs are booked on Stage 2 and 3 assets.

The classification of a financial asset across the three Stages therefore has a significant impact upon the level of impairment provision raised in a financial period. The company uses its internal credit risk assessment and ratings review as a basis for this calculation, establishing a methodology that management can benchmark against external credit ratings and market practice, and apply consistently as part of its ongoing risk management control process.

**4 Revenue**

An analysis of the company's revenue is as follows:

	2018 US\$'000	2017 US\$'000
<b>Revenue analysed by class of business</b>		
Income from SCF products	112,496	103,791
Other income	121,134	12,053
Interest received	-	6
	<u>233,630</u>	<u>115,850</u>
	<u><u>233,630</u></u>	<u><u>115,850</u></u>
	2018 US\$'000	2017 US\$'000
<b>Other operating income</b>		
Management fee	618	-
Interest income from group companies	2,438	4,725
	<u>3,056</u>	<u>4,725</u>
	<u><u>3,056</u></u>	<u><u>4,725</u></u>

**Greensill Capital (UK) Limited****Notes to the financial statements (continued)****For the year ended 31 December 2018****5 Operating profit**

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(182)	450
Fees payable to the company's auditor for the audit of the company's financial statements	98	95
Depreciation of property, plant and equipment	344	149
Profit on disposal of investments	(128)	-
	<u>          </u>	<u>          </u>

**6 Employees**

There were no employees during the year apart from the directors.

**7 Investment revenues**

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest income		
Other interest income	67	108
	<u>          </u>	<u>          </u>

**8 Finance costs**

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Other interest payable	1,579	1,640
	<u>          </u>	<u>          </u>

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2018**

**9 Income tax expense**

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	3,594	1,895
Adjustments in respect of prior periods	623	-
<b>Total UK current tax</b>	<u>4,217</u>	<u>1,895</u>
<b>Deferred tax</b>		
Deferred tax charge/(credit)	<u>4,086</u>	<u>(865)</u>
<b>Total tax charge</b>	<u>8,303</u>	<u>1,030</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit before taxation	<u>41,650</u>	<u>32,974</u>
Expected tax charge based on a corporation tax rate of 19.00%	7,914	6,347
Effect of expenses not deductible in determining taxable profit	18	-
Income not taxable	(24)	-
Utilisation of tax losses not previously recognised	-	(5,317)
Effect of change in UK corporation tax rate	387	-
Other tax adjustments	8	-
<b>Taxation charge for the year</b>	<u>8,303</u>	<u>1,030</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2018

## 10 Property, plant and equipment

	Leasehold improvements US\$'000	Art work US\$'000	Office equipment US\$'000	Total US\$'000
<b>Cost</b>				
At 1 January 2017	429	212	697	1,338
Additions	-	193	65	258
	<u>429</u>	<u>405</u>	<u>762</u>	<u>1,596</u>
At 31 December 2017	429	405	762	1,596
Additions	392	-	990	1,382
	<u>821</u>	<u>405</u>	<u>1,752</u>	<u>2,978</u>
At 31 December 2018	821	405	1,752	2,978
<b>Accumulated depreciation and impairment</b>				
At 1 January 2017	35	-	175	210
Charge for the year	21	-	128	149
	<u>56</u>	<u>-</u>	<u>303</u>	<u>359</u>
At 31 December 2017	56	-	303	359
Charge for the year	64	-	280	344
	<u>120</u>	<u>-</u>	<u>583</u>	<u>703</u>
At 31 December 2018	120	-	583	703
<b>Carrying amount</b>				
At 31 December 2018	<u>701</u>	<u>405</u>	<u>1,169</u>	<u>2,275</u>
At 31 December 2017	<u>373</u>	<u>405</u>	<u>459</u>	<u>1,237</u>
At 31 December 2016	<u>394</u>	<u>212</u>	<u>522</u>	<u>1,128</u>



**Notes to the financial statements (continued)**  
**For the year ended 31 December 2018**

**11 Investments**

	2018 US\$'000	2017 US\$'000
Investments in subsidiaries	112	58,986
Unlisted investments	242	-
	<u>354</u>	<u>58,986</u>

**Movements in non-current investments**

	Investments in subsidiaries US\$'000	Unlisted investments US\$'000	Total US\$'000
<b>Cost or valuation</b>			
At 1 January 2018	58,986	-	58,986
Additions	24,400	-	24,400
Disposals	(83,032)	-	(83,032)
Other	(242)	242	-
	<u>112</u>	<u>242</u>	<u>354</u>
<b>At 31 December 2018</b>			
	<u>112</u>	<u>242</u>	<u>354</u>
<b>Carrying amount</b>			
At 31 December 2018	112	242	354
	<u>112</u>	<u>242</u>	<u>354</u>
At 31 December 2017	58,986	-	58,986
	<u>58,986</u>	<u>-</u>	<u>58,986</u>

During 2018, the company subscribed to an additional 497,512 shares in Greensill Bank AG for €40.20 per share. On 14 December 2018 the investment in Greensill Bank AG was transferred to Greensill Capital Pty Ltd for consideration of €40.20 per share.

## Greensill Capital (UK) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2018

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#### 12 Subsidiaries

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

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Greensill Capital Securities Limited	England & Wales	100.00	100.00	Financing
Greensill Capital Investments Limited	England & Wales	100.00	100.00	Dormant
Greensill Limited	England & Wales	100.00	100.00	Dormant
GAM Greensill Supply Chain Finance Fund SCSp	Luxembourg	0.004	100.00	Financing

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**13 Financial assets at fair value through profit or loss**

The company classifies the following financial assets at fair value through profit or loss (FVPL):

- contingent convertible loan notes that do not qualify for measurement at either amortised cost or fair value through other comprehensive income
- derivatives

See note 2 for explanations regarding the change in accounting policy in the year following the adoption of IFRS 9.

	2018 US\$'000	2017 US\$'000
<b>Current assets</b>		
Derivatives	25,000	-
Contingent convertible loan notes	3,965	112
	<u>28,965</u>	<u>112</u>

The contingent convertible loan notes are held in Greensill Bank AG, a former subsidiary of the company which was sold to Greensill Capital Pty Limited during the year.

During the year there were nil (2017: \$nil) gains or losses through profit or loss.

**Fair value measurements**

This section explains the judgements and estimations made in determining the fair values of the financial instruments above that are recognised and measured at fair value through profit or loss.

The company has classified its financial instruments into the three levels prescribed under the accounting standards and all are allocated to level 3. Level 3 is prescribed if one or more of the significant inputs is not based on observable market data.

Contingent convertible notes have been valued based on recent market transactions.

Fair value of derivatives have been derived using a valuation model for the company which a warrant is held over. The inputs to the model include a third party valuation of the assets of the company and other observable inputs, where possible.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2018**

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**14 Trade and other receivables**

	<b>Current</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Trade receivables	71,328	28,876
Other receivables	5,228	3,542
Amounts due from fellow group undertakings	54,635	136,708
Prepayments and accrued income	37,574	19,348
	<u>168,765</u>	<u>188,474</u>

The directors consider that the carrying amount of receivables approximates to their fair value.

**Greensill Capital (UK) Limited****Notes to the financial statements (continued)****For the year ended 31 December 2018****15 Expected credit losses**

The table below represents an analysis of the expected credit losses:

	<b>Exposure (Stage 1) US\$'000</b>
As at 31 December 2018	
Assets	12,672
Assets - separate income fund	3,750
Assets - subcontractor	136
	<hr/>
	16,558
	<hr/>

Reconciliation of opening and closing expected credit losses:

	<b>Stage 1 US\$'000</b>
As at 1 January 2018	3,117
Net transfers between stages	-
Impairment allowance in the year	13,441
	<hr/>
As at 31 December 2018	16,558
	<hr/>

Reconciliation of expected credit loss movement charged for the period:

	<b>Total US\$'000</b>
Impairment charge on assets	13,441
Exchange and other adjustments	-
Impairment release on assets	-
	<hr/>
Charge for the period	13,441
	<hr/>

An explanation of the recognition of impairment credit losses is given in note 1.9.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2018**

**16 Trade and other payables**

	<b>Current</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Trade payables	7,782	4,430
Amounts owed to fellow group undertakings	30,489	238,882
Accruals	44,903	11,918
Other payables	62,209	12,948
	<u>145,383</u>	<u>268,178</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

**17 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Accelerated capital allowances US\$'000</b>	<b>Tax losses US\$'000</b>	<b>Total US\$'000</b>
Deferred tax asset at 1 January 2017	-	6,530	6,530
<b>Deferred tax movements in prior year</b>			
(Charge)/credit to profit or loss	(130)	995	865
Deferred tax asset at 31 December 2017	<u>(130)</u>	<u>7,525</u>	<u>7,395</u>
<b>Deferred tax movements in the current year</b>			
Charge to profit or loss	(5)	(4,704)	(4,709)
Adjustments in respect of prior periods	-	623	623
Deferred tax asset at 31 December 2018	<u>(135)</u>	<u>3,444</u>	<u>3,309</u>

**Greensill Capital (UK) Limited****Notes to the financial statements (continued)****For the year ended 31 December 2018**

		2018	2017
		US\$	US\$
<b>18</b>	<b>Share capital</b>		
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	1 Ordinary share of £1	1	1
	1,347,865 Ordinary shares of \$0.01 each	13,479	13,479
		<u>13,480</u>	<u>13,480</u>
<b>19</b>	<b>Share premium account</b>		
		2018	2017
		US\$'000	US\$'000
	At beginning of year	134,773	102,776
	Issue of new shares	-	31,997
		<u>134,773</u>	<u>134,773</u>
<b>20</b>	<b>Capital risk management</b>		

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

Notes to the financial statements (continued)  
For the year ended 31 December 2018

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**21 Operating lease commitments**

**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018 US\$'000	2017 US\$'000
Minimum lease payments under operating leases	814	614

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 US\$'000	2017 US\$'000
Within one year	451	469
Between two and five years	1,804	1,876
In over five years	476	964
	2,731	3,309

Operating lease payments represent rentals payable by the company for certain of its office properties with lease terms of 10 years under agreements with clauses for regular market rental reviews. The Company does not have an option to purchase the property at the expiry of the lease period. There are no contract terms which imply any contingent rent payable under these arrangements.

**22 Controlling party**

The immediate and ultimate parent company is Greensill Capital Pty Limited, a company registered in Australia.

The directors consider Alexander Greensill to be the ultimate controlling party.



**23 Related party transactions**

**Remuneration of key management personnel**

Key management personnel, including all directors, received \$1,929,131 (2017: \$3,815,171) during the year in respect of services to the company. Of this, \$nil (2017: \$754,319) was paid direct by the company, with the remaining \$1,564,275 (2017: \$3,060,582) being paid by a fellow subsidiary undertaking and then recharged as a management fee to the company.

**Other transactions with related parties**

During the year the company was charged management fees of \$58,731,997 (2017: \$29,070,698) by fellow subsidiary undertakings of the parent company; these fees related principally to employee costs.

During the year the company was charged management fees of \$5,122,945 (2017: \$1,967,300) by the parent company.

During the year the company was charged management fees of \$210,000 (2017: \$nil) by subsidiary undertakings.

During the year the company charged interest of \$2,266,310 (2017: \$4,724,977) to the parent company and \$171,213 (2017: \$nil) to fellow subsidiary undertakings of the parent company.

At 31 December 2018 the company was owed \$116,366 (2017: \$154,080) by fellow subsidiary undertakings of the parent company.

At 31 December 2018 the company was owed \$50,553,731 (2017: \$136,396,264) by the parent company.

At 31 December 2018 the company owed \$36,016 (2017: \$157,934 owed by) to subsidiary undertakings.

At 31 December 2018 the company owed \$30,452,731 (2017: \$238,881,818) to fellow subsidiary undertakings of the parent company.

## **24 Financial risk management**

The main risks arising from the company's financial instruments are credit risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below. Short-term debtors and creditors have been excluded from all the following disclosures:

### *(a) Liquidity risk*

The company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit as and when the directors deem appropriate.

### *(b) Currency risk*

The company is exposed to foreign exchange risk. Foreign exchange risk is mitigated through taking swap positions and holding foreign currency cash reserves.

### *(c) Credit risk*

The company's exposure to credit risk is as detailed on note 15. Credit risk is managed through the use of trade insurance.

### *(d) Fair values*

The fair values of the company's financial instruments are considered to be equal to their book value.

**Greensill Capital (UK) Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2018**

**25 Cash generated from operations**

	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit for the year after tax	33,347	31,944
<b>Adjustments for:</b>		
Taxation charged	8,303	1,030
Finance costs	1,579	1,640
Investment income	(67)	(108)
Gain on disposal of investment	(128)	-
Depreciation and impairment of property, plant and equipment	344	149
Derivative financial instrument	(25,000)	-
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	102,869	(171,792)
(Decrease)/increase in trade and other payables	(125,912)	150,497
<b>Cash (absorbed by)/generated from operations</b>	<b>(4,665)</b>	<b>13,360</b>