

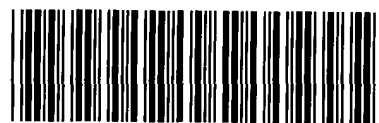
**Covalis Capital (UK) Limited &
Subsidiaries**

Annual report and consolidated financial statements

For the year ended 31 December 2020

Registered number: 8066409

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Company Information

Director	John M Lee
Registered number	8066409
Registered office	5th Floor 52 Conduit Street London W1S 2YX
Independent auditor	Fisher, Sassoon & Marks Chartered Accountants & Statutory Auditors 43-45 Dorset Street London W1U 7NA

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Group strategic report

For the year ended 31 December 2020

The director presents the Group strategic report for Covalis Capital (UK) Limited and its subsidiaries ("the Group") for the year ended 31 December 2020.

Principal activity

The Group's principal activity during the year was the provision of investment management, research, and other services to Covalis Capital LP (the "Manager").

Business review and future developments

The year ended 31 December 2020 was a profitable year for the Group with an increase in revenue and net income. A contributing factor to this increase was the addition to the Group's services offering to the Manager. To support these additions, the Group added to its operational infrastructure in order to deliver on these services. The Group expects that these additions will enable it to continue to execute and implement its services as well as position it to meet any future demand growth delegated by the Manager.

During the year, one member of Covalis Capital LLP (the "LLP"), a Group subsidiary, retired. In 2021, before signing of the accounts, two LLP members were added and two LLP members retired. As of 31 December 2020, the LLP had three members, including Covalis Capital (UK) Limited ("the Company"). The members of the LLP have entered into a partnership agreement that governs members' rights, duties, and the operation of the LLP.

The Group has a robust and extensive process for evaluating decisions that affect its long term success and standing. To this end, the Group considers various factors when making key decisions. These factors include how these decisions will impact employees, relationships with suppliers, customers, and other counterparties. Maintaining a strong relationship with the Manager is paramount to the continuity of the business. Any pivotal decisions are implemented at the direction and subject to the guidance of the Manager. Management of the Company consults and updates the Manager on operational matters on an ongoing basis. Maintaining good relationships with suppliers is also vital for the execution of investment management and research services provided to the Manager. The Group's personnel is in contact with suppliers on a daily basis and ensures that the services are being received and that service providers are being paid timely.

The Group fosters an inclusive and collaborative work environment. Management believes that this approach motivates staff and allows for the introduction to new and innovative thinking which will drive success. The Group expanded its investment universe during the year as directed by the Manager. The sectors that comprise the investment universe are becoming more integrated, allowing the team to leverage each other's work to position the Group for success.

Compliance continues to be an area of focus for the Group. The Group has engaged service providers to deliver solutions that will ensure the Group is a market leader in compliance standards and adherence. The Group conducts various training exercises for employees and members on an ongoing basis and plans to continue to develop further training.

Brexit

Brexit has had a limited impact on the Group's business as most of the Group's services are for funds that are non-EU Alternative Investment Funds ('AIFs') managed by the Manager whom delegates certain day to day activities to the LLP.

Group strategic report (continued)

For the year ended 31 December 2020

Principal risks and uncertainties

The Group maintains a relatively straightforward corporate structure and does not hold custody of any of the Manager's clients' money or assets.

The Group faces a number of day to day business risks which are actively managed. The key risk areas are as follows:

Financial/liquidity risk:

The Group maintains an active budget and cash flow forecast of its revenues and expenses. The Group bills the Manager in advance and only enters into contracts / incurs expenses if confident it can meet its ongoing and future commitments. The Group has developed systems and controls to manage the risk of not being able to meet its liabilities as they fall due. The Director has allocated responsibilities to certain individuals to ensure the effective on-going monitoring and management of liquidity risk.

Operational risk:

Operational risk is the risk that the Group might suffer a loss as a result of the inadequacy or failure of internal processes or systems. The Group recognises the importance of operational risk which includes matters such as:

- Loss of key staff
- Trade errors / settlement failures
- Breach of IT security
- Other business disruptions
- Market abuse and insider trading
- Compliance
- Fraud, theft

The Group has assessed the likelihood of each of these potential factors and has put appropriate controls in place. Due to the relatively small size of the Group and its management structure, overall management oversight on all aspects of operational risk creates significant mitigation to each of these risks. Management has implemented strong and robust controls such as dual authorisation on all cash wires, backup coverage of key roles, management and oversight training, robust compliance checks, and recommended technology safeguards and backups. The Group will continue to assess the impact of operational risk and their related controls on a continual basis as well as through the ICAAP assessment (conducted in accordance with the UK FCA Rules).

Credit Risk:

The Group is exposed to risk of financial loss should a counterparty fail to meet its contractual obligations. The Group's main credit risk exposure is to the banks holding the Group's cash as well as to the Manager, the Group's primary source of revenue. The credit risk is deemed low as the Group only transacts with highly reputable, regulated banks with good financial health. The LLP bills the manager frequently in advance and therefore has reduced risk of non-payment of services.

Market risk:

The Group is exposed to foreign exchange fluctuation to the extent that it has expenses to be paid that are denominated in currencies other than its functional currency, GBP. The Group's revenues are primarily received either in GBP or USD. The Group will proactively monitor any mismatches in currency and endeavour to manage its cash flows to minimise any foreign currency losses.

Cybersecurity risk:

Cyber security threats have grown significantly in the last few years. The Manager has instructed that all personnel providing services are trained on cyber security, including the nature of cyber threats, shared responsibility, cyber security incidents with other investment managers, and the security measures and protocols the Manager has in place to guard against cyber-attacks. The Manager has also instituted various preventive measures against cyber security threats including firewalls, anti-virus software, vulnerability scans and patches, a segmented network, a cyber incident response plan, data encryption, email/spam filtering, and user security.

Group strategic report (continued)

For the year ended 31 December 2020

Financial performance

The Group recognises the importance of monitoring overall business performance and profitability and, as such, tracks relevant key performance data on a monthly basis. The Group is in continuous dialogue with the Manager to ensure it is satisfied with the services provided and whether investors are happy with the implementation of the Manager's investment strategy.

Group's financial operations

The Group monitors its profitability and cost base to ensure the financial health of the business is secure and positioned for growth. The financial health, current and future, are key factors considered before substantial decisions are made.

The Group may use certain key performance indicators to assist in monitoring its financial position. The current ratio of the Group for the year was 1.93 (2019: 2.22). The Group's principal activity of investment management and research base advisory services to Covalis Capital LP resulted in a net profit ratio of 0.21 (2019: 0.21). At 31 December 2020 the Group had net assets of £4,897,757 (2019: £4,015,678) and held cash in the bank of £1,556,916 (2019: £1,298,674).

Director's statement of compliance with duty to promote the success of the Group

The director of the Company has acted in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders, employees and customers as a whole. In doing so the director has regarded (amongst other matters):

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly among shareholders, employees and customers of the Company.

This report was approved by the board on 15th of September 2021

and signed on its behalf.



John M Lee
Director

Director's report

For the year ended 31 December 2020

The director presents his report together with the Strategic report and the consolidated financial statements for the year ended 31 December 2020.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £185,090 (2019 - £263,203).

Dividends of £875,663 were declared and paid during the year.

Director

The director who served during the year was:

John M Lee

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Matters covered in the strategic report

Information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the director's report.

Director's report (continued)

For the year ended 31 December 2020

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

The director is closely monitoring the developments from the outbreak of the COVID 19 pandemic and is coordinating the Group's operational response based on existing business continuity plans and on guidance from global health organizations, government guidance, and general pandemic response best practices. COVID-19 is a rapidly evolving situation which has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions. The director does not believe there is any financial impact to the financial statements as at December 31, 2020 as a result of this subsequent event.

There have been no other significant events affecting the Group since the year end.

Auditor

The auditor, Fisher, Sassoon & Marks, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15th of September 2021 and signed on its behalf.



John M Lee
Director

Independent auditor's report to the members, as a body, of Covalis Capital (UK) Limited & Subsidiaries

For the year ended 31 December 2020

Opinion

We have audited the financial statements of Covalis Capital (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members, as a body, of Covalis Capital (UK) Limited & Subsidiaries (continued)

For the year ended 31 December 2020

Other information

The director is 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members, as a body, of Covalis Capital (UK) Limited & Subsidiaries (continued)

For the year ended 31 December 2020

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 4, the director is 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 director determines 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 director is responsible for assessing the Group's and the parent 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 director either intends to liquidate the Group or the parent Company 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with director and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the group's remuneration policies.

Independent auditor's report to the members, as a body, of Covalis Capital (UK) Limited & Subsidiaries (continued)

For the year ended 31 December 2020

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

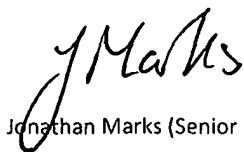
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and reviewing the group's compliance monitoring procedures and findings.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or through collusion.

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

Use of our report

This report is made solely to the 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.



Jonathan Marks (Senior statutory auditor)

for and on behalf of
Fisher, Sassoon & Marks

Chartered Accountants
Statutory Auditors

43-45 Dorset Street
London

W1U 7NA

Date:

15/09/2021

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	19,840,142	16,725,357
Gross profit		19,840,142	16,725,357
Administrative expenses		(16,728,267)	(14,389,170)
Operating profit	5	3,111,875	2,336,187
Interest receivable and similar income	8	49,542	30,012
Profit before taxation		3,161,417	2,366,199
Tax on profit	10	(36,808)	(74,204)
Profit for the year		3,124,609	2,291,995
Currency translation differences		(656)	1,946
Other comprehensive income for the year		(656)	1,946
Total comprehensive income for the year		3,123,953	2,293,941
Profit for the year attributable to:			
Non-controlling interests		2,939,519	2,028,792
Owners of the parent Company		185,090	263,203
		3,124,609	2,291,995

There were no recognised gains and losses for the year ended 31 December 2020 or year ended 31 December 2019, other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 30 form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	26,053	41,791
Investments	15	786	722
		<u>26,839</u>	<u>42,513</u>
Current assets			
Debtors: amounts falling due after more than one year	16	-	2,911,534
Debtors: amounts falling due within one year	16	8,558,555	3,015,191
Cash at bank and in hand	17	1,556,916	1,298,674
		<u>10,115,471</u>	<u>7,225,399</u>
Creditors: amounts falling due within one year	18	(5,244,553)	(3,252,234)
Net current assets		<u>4,870,918</u>	<u>3,973,165</u>
Net assets		<u><u>4,897,757</u></u>	<u><u>4,015,678</u></u>
Capital and reserves			
Called up share capital	20	2,385,704	2,385,704
Foreign exchange reserve	21	1,397	2,053
Profit and loss account	21	122,586	813,159
Equity attributable to owners of the parent Company		<u>2,509,687</u>	<u>3,200,916</u>
Non-controlling interests		2,388,070	814,762
		<u><u>4,897,757</u></u>	<u><u>4,015,678</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/09/2021



John M Lee
Director

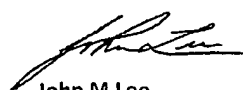
The notes on pages 17 to 30 form part of these financial statements.

Company statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	9,595	20,721
Investments	15	2,363,505	2,358,505
		<u>2,373,100</u>	<u>2,379,226</u>
Current assets			
Debtors: amounts falling due within one year	16	863,217	1,319,859
Cash at bank and in hand	17	-	2,328
		<u>863,217</u>	<u>1,322,187</u>
Creditors: amounts falling due within one year	18	(715,218)	(440,043)
Net current assets		<u>147,999</u>	<u>882,144</u>
Total assets less current liabilities		<u>2,521,099</u>	<u>3,261,370</u>
Net assets		<u><u>2,521,099</u></u>	<u><u>3,261,370</u></u>
Capital and reserves			
Called up share capital	20	2,385,704	2,385,704
Profit and loss account brought forward		875,666	600,322
Profit for the year		135,392	275,344
Other changes in the profit and loss account		(875,663)	-
Profit and loss account carried forward		<u>135,395</u>	<u>875,666</u>
		<u><u>2,521,099</u></u>	<u><u>3,261,370</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/09/2021



John M Lee
Director

The notes on pages 17 to 30 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2019	2,385,704	107	549,956	2,935,767	(1,642,786)	1,292,981
Profit for the year	-	-	263,203	263,203	2,028,790	2,291,993
Currency translation differences	-	1,946	-	1,946	-	1,946
Other NCI movements	-	-	-	-	428,758	428,758
At 1 January 2020	2,385,704	2,053	813,159	3,200,916	814,762	4,015,678
Profit for the period	-	-	185,090	185,090	2,939,518	3,124,608
Currency translation differences	-	(656)	-	(656)	-	(656)
Dividends: Equity capital	-	-	(875,663)	(875,663)	-	(875,663)
Other NCI movements	-	-	-	-	(1,366,210)	(1,366,210)
At 31 December 2020	2,385,704	1,397	122,586	2,509,687	2,388,070	4,897,757

The notes on pages 17 to 30 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2,385,704	600,322	2,986,026
Profit for the year	-	275,344	275,344
At 1 January 2020	2,385,704	875,666	3,261,370
Profit for the period	-	135,392	135,392
Dividends: Equity capital	-	(875,663)	(875,663)
At 31 December 2020	2,385,704	135,395	2,521,099

The notes on pages 17 to 30 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	3,124,609	2,291,995
Adjustments for:		
Depreciation of tangible assets	30,434	34,976
Profit on disposal of tangible assets	-	(328)
Interest received	(49,542)	(30,012)
Taxation charge	36,808	74,204
(Increase) in debtors	(2,631,830)	(3,505,911)
Increase in creditors	2,030,898	970,972
Corporation tax (paid)	(75,387)	(98,453)
Operating transactions with members of the LLP	(1,366,211)	428,758
Increase/ (Decrease) in FX reserve account	(656)	1,946
Net cash generated from operating activities	1,099,123	168,147
Cash flows from investing activities		
Purchase of tangible fixed assets	(14,696)	(15,376)
Sale of tangible fixed assets	-	350
Purchase of unlisted and other investments	(64)	-
Sale of unlisted and other investments	-	133
Interest received	49,542	30,012
Net cash from investing activities	34,782	15,119
Cash flows from financing activities		
Dividends paid	(875,663)	-
Net cash used in financing activities	(875,663)	-
Net increase in cash and cash equivalents	258,242	183,266
Cash and cash equivalents at beginning of year	1,298,674	1,115,408
Cash and cash equivalents at the end of year	1,556,916	1,298,674
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,556,916	1,298,674
	1,556,916	1,298,674

The notes on pages 17 to 30 form part of these financial statements.

An analysis of changes in net debt has not been presented as all of the Group's cash flows relate to movements in cash, and the Group has no items to include in such an analysis other than the cash flows in the Consolidated Statement of cash flows.

Notes to the financial statements

For the year ended 31 December 2020

1. General information

Covalis Capital (UK) Limited is a private company limited by shares and is incorporated in England and Wales, registration number 8066409. The registered office address and principal trading address of the Company is 5th Floor, 52 Conduit Street, London, England, W1S 2YX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over the term of the lease
Fixtures and fittings	- Straight line over three years
Office equipment	- Straight line over three years
Computer equipment	- Straight line over three years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

The Group only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

2.9 Financial instruments (continued)

market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Interest receivable and payable

Interest receivable and payable is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.15 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The director does not consider there to be any critical judgements or key sources of estimation uncertainty involved in the preparation of the Group's financial statements.

4. Turnover

Turnover was mainly attributable to Covalis Capital LLP's principle activities, investment management and research based advisory services charge to Covalis Capital LP.

All turnover arose from activities based out of the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation	30,602	34,974
Exchange differences (gain)/ loss	(94,821)	58,764

Notes to the financial statements

For the year ended 31 December 2020

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4,650	4,650
Fees payable to the Group auditor in respect of the auditing of associates of the Group	11,000	11,000

7. Staff costs and average number of employees

Staff costs were as follows:

The average monthly number of employees, excluding the director, during the year was as follows:

	2020 No.	2019 No.
Support	7	7
Analyst	4	5
	11	12

	Group 2020 £	Group 2019 £
Wages and salaries	3,346,778	3,118,690
Social security costs	457,778	411,080
Cost of defined contribution scheme	17,003	15,866
	3,821,559	3,545,636

8. Interest receivable

	2020 £	2019 £
Interest income	49,542	30,012
	49,542	30,012

Notes to the financial statements

For the year ended 31 December 2020

9. Directors' remuneration

During the year, the directors received no emoluments (2019: £nil).

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	35,296	72,449
Adjustments in respect of previous periods	-	210
Foreign tax		
Foreign tax on income for the year	1,512	1,545
Total current tax	36,808	74,204

Factors affecting tax charge for the 12 month period / 9 month period

The tax assessed for the year (£36,808 / 2019: £74,204) is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (£600,669) (2019 - 19%: £449,578). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	3,161,417	2,366,199
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	600,669	449,578
Effects of:		
Expenses not deductible for tax purposes	2,865	23,225
Adjustments to tax charge in respect of prior periods	-	210
Foreign Tax	1,512	(45)
Income Taxable on Minority interests (LLP Members)	(568,238)	(406,522)
Unprovided deferred tax asset	-	7,758
Total tax charge for the period / year	36,808	74,204

Factors that may affect future tax charges

On 3 March 2021, the government announced its intention to increase the corporation tax rate from 1 April 2023. This rate will taper from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000. This is anticipated to be substantively enacted once the Finance Bill 2021 passes the House of Commons.

Notes to the financial statements

For the year ended 31 December 2020

11. Non-controlling interest

	2020 £	2019 £
Balance brought forward	814,762	(1,642,786)
Profits allocated to members of the LLP during the year	2,939,518	2,028,790
Drawings taken by members of the LLP during the year	(1,361,210)	(2,305,657)
Other movements in the year	(5,000)	2,734,415
Total	2,388,070	814,762
Representing		
Capital contributions	10,000	15,000
Payable/ (receivable) with non-controlling interest	2,378,070	799,762
Total	2,388,070	814,762

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £ 135,395 (2019: £ 275,344).

13. Dividends

	2020 £	2019 £
Dividends declared	875,663	-
	875,663	-

Notes to the financial statements

For the year ended 31 December 2020

14. Tangible fixed assets**Group**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	32,381	28,401	4,231	166,717	231,730
Additions	-	-	-	14,696	14,696
At 31 December 2020	32,381	28,401	4,231	181,413	246,426
Depreciation					
At 1 January 2020	19,637	21,172	4,040	145,090	189,939
Charge for the year on owned assets	7,646	7,229	191	15,368	30,434
At 31 December 2020	27,283	28,401	4,231	160,458	220,373
Net book value					
At 31 December 2020	5,098	-	-	20,955	26,053
At 31 December 2019	12,744	7,229	191	21,627	41,791

Notes to the financial statements

For the year ended 31 December 2020

14. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2020	28,401	4,231	156,823	189,455
Additions	-	-	7,478	7,478
At 31 December 2020	28,401	4,231	164,301	196,933
Depreciation				
At 1 January 2020	21,172	4,040	143,522	168,734
Charge for the year on owned assets	7,229	191	11,184	18,604
At 31 December 2020	28,401	4,231	154,706	187,338
Net book value				
At 31 December 2020	-	-	9,595	9,595
At 31 December 2019	7,229	191	13,301	20,721

Notes to the financial statements

For the year ended 31 December 2020

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	2,358,505
Additions	5,000
At 31 December 2020	<u>2,363,505</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Covalis Capital LLP	Partnership Capital	99.6%
Covalis Capital Luxembourg II GP SARL	Ordinary Shares	100%

Covalis Capital LLP ("the LLP") is a limited liability partnership incorporated in the United Kingdom. The registered office of the LLP is 5th Floor, 52 Conduit Street, London, England, W1S 2YX.

Covalis Capital Luxembourg II GP SARL is a General Partnership incorporated in Luxembourg. The registered office is 9 rue de Bitbourg, L-1273, Luxembourg.

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Covalis Capital LLP	2,373,505	2,939,519
Covalis Capital Luxembourg II GP SARL	(822)	(22,003)

Notes to the financial statements

For the year ended 31 December 2020

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Other debtors	-	2,911,534	-	-
	<u>-</u>	<u>2,911,534</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>2,911,534</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Due within one year				
Trade debtors	-	297,538	-	-
Amounts owed by group undertakings	-	1,448,351	801,315	1,253,558
Other debtors	781,200	836,923	4,661	11,687
Prepayments and accrued income	7,777,355	432,379	57,241	54,614
	<u>8,558,555</u>	<u>3,015,191</u>	<u>863,217</u>	<u>1,319,859</u>
	<u><u>8,558,555</u></u>	<u><u>3,015,191</u></u>	<u><u>863,217</u></u>	<u><u>1,319,859</u></u>

17. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	1,556,916	1,298,674	-	2,328
	<u>1,556,916</u>	<u>1,298,674</u>	<u>-</u>	<u>2,328</u>
	<u><u>1,556,916</u></u>	<u><u>1,298,674</u></u>	<u><u>-</u></u>	<u><u>2,328</u></u>

Notes to the financial statements

For the year ended 31 December 2020

18. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	234,100	360,034	949	350
Amounts owed to group undertakings	-	951	-	-
Corporation tax	35,296	72,423	35,296	72,423
Other taxation and social security	102,009	52,392	-	-
Other creditors	912,460	524,161	-	-
Accruals	3,960,688	2,242,273	678,973	367,270
	<u>5,244,553</u>	<u>3,252,234</u>	<u>715,218</u>	<u>440,043</u>

19. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	<u>1,556,916</u>	<u>1,298,674</u>	<u>-</u>	<u>2,328</u>

Financial assets measured at fair value through profit or loss comprise cash at bank only.

20. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
2,385,704 (2019 - 2,385,704) Ordinary shares of £1.00 each	<u>2,385,704</u>	<u>2,385,704</u>

21. Reserves**Foreign exchange reserve**

The foreign exchange reserve comprises translation differences arising on translation of the Group's foreign entities' financial statements into GBP.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Notes to the financial statements

For the year ended 31 December 2020

22. Contingent liabilities

The Group and Company had no contingent liabilities at 31 December 2020 or 31 December 2019.

23. Capital commitments

The Group and Company had no capital commitments at 31 December 2020 or 31 December 2019.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the entity to the fund and amounted to £17,003 (2019: £15,866). Contributions totalling £4,089 (2019: £3,252) were payable to the fund at the reporting date and are included in Other creditors.

25. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	172,833	244,000
Later than 1 year and not later than 5 years	-	172,833
Later than 5 years	-	-
	<u>172,833</u>	<u>416,833</u>

26. Related party transactions

During the year ended 31 December 2020, Covalis Capital (UK) Limited (the "Company") had expenses totalling £1,933,981 (2019: £1,917,485) settled on its behalf by Covalis Capital LLP (the "LLP"). The LLP received £52,298 (2019: £109,629) on behalf of the Company. The LLP transferred amounts totalling £875,333 (2019: £115,981) to the Company.

During the year, the Company recharged £2,309,775 (2019: £2,117,888) to the LLP in respect of sub-delegation fees.

At 31 December 2020, after profit allocations, £ 801,315 was outstanding and due to Company (31 December 2019: £ 1,253,556).

Covalis Capital LLP is a related party by virtue of being a subsidiary of the Company.

The Company is wholly owned by Covalis Capital LP via Covalis Capital (Cayman) Limited. Transactions between the Company and Covalis Capital LP have not been disclosed as Para 72(4) of Schedule 1 of SI 2008/410 – Large and Medium-Sized Companies and Groups (Accounts And Reports) Regulations 2008 does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements

For the year ended 31 December 2020

26. Related party transactions (continued)

Covalis Capital LP is a related party by virtue of being the Company's parent. Covalis Capital (Cayman) Limited is a related party by virtue of being the Company's immediate parent.

During the year, the Group paid expenses on behalf of Covalis Capital Luxembourg SARL totalling £nil (2019: £2,483). At 31 December 2020, £nil (2019: £2,483) was outstanding and due to the Group.

Covalis Capital Luxembourg SARL is a related party by virtue of being under common control.

During the year, IGE UK Limited engaged and billed the Group £556,372 (2019: £452,993) for services provided to the Group. At 31 December 2020, there was £nil (31 December 2019: £nil) outstanding and due to IGE UK Limited.

IGE UK Limited is a related party by virtue of being under common control.

During the year, the Group paid expenses on behalf of Covalis Capital Segregated Portfolio A totalling £nil (2019: £4,915). At 31 December 2020, £nil (2019: £75,980) was outstanding and due to the Group.

Covalis Capital Segregated Portfolio A is a related party by virtue of being under common control.

During the year, the Group paid expenses on behalf of Covalis Capital Segregated Portfolio B totalling £nil (2019: £890). At 31 December 2020, £nil (2019: £70,528) was outstanding and due to the Group.

Covalis Capital Segregated Portfolio B is a related party by virtue of being under common control.

During the year, the Group paid expenses on behalf of Covalis Capital Segregated Portfolio D totalling £nil (2019: £237). At 31 December 2020, £nil (2019: £48,800) was outstanding and due to the Group.

Covalis Capital Segregated Portfolio D is a related party by virtue of being under common control.

Key Management Personnel

There are no members of key management personnel other than the directors.

27. Controlling party

The immediate parent undertaking of the Company is Covalis Capital (Cayman) Limited, a company incorporated in the Cayman Islands.

The ultimate controlling party of the Group is Zilvinas Mecelis.

The largest and smallest group of the undertakings for which consolidated accounts are prepared which include the Company is that headed by the Company itself.