

Registered number: 117804  
Jersey

Genel Energy Finance 2 Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2019

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## **Directors' report**

The Directors present the audited financial statements for Genel Energy Finance 2 Limited (the "Company") for the year ended 31 December 2019.

### **Business review and principal activities**

The Company was incorporated on 16 February 2015 and is a wholly owned subsidiary of Genel Energy Holding Company Limited. The principal activity of the Company is as the issuer of bonds on behalf of the Genel Energy plc Group (the "Group"). The Company is not permitted to have any business other than to issue Bonds and on-lend to its Parent, Genel Energy Holding Company Limited.

The profit for the year was \$10,000 (2018: \$10,000). The Directors do not recommend the payment of a dividend for the year (2018: Nil).

### **Political/charitable donations**

This Company made no political or charitable donations during the year.

### **Directors**

The Directors who held office during the year and up to the date of signing the report were:

Luke Clements  
Esa Ikaheimonen

### **Secretary**

Chandni Karania

### **Independent auditors**

Pursuant to Section 487 (2) of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Pursuant to Section 418 of the Companies Act 2006, the Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey Law and International Financial Reporting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union and IFRS Interpretations Committee (IFRS IC) interpretations have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that 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 (Jersey) Law, 1991. 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.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**ON BEHALF OF THE BOARD**

Registered Number: 117804  
12 Castle Street  
St Helier  
Jersey  
JE2 3RT

Esa Ikaheimonen  
Director  
15 April 2020

# Independent auditors' report to the members of Genel Energy Finance 2 Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Genel Energy Finance 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview



- Overall materiality: \$2.98m (2018: \$2.98m), based on 1% of total assets.
- We focused our audit procedures on the areas of significant audit risks, which are informed by the activities of Genel Energy Finance 2 Limited and the economic and regulatory environments in which it operates.
- The PwC UK engagement team performed all of the audit work.
- COVID-19 risks and uncertainties

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>COVID-19 risks and uncertainties</i>	
<p>The Director General of the World Health Organization declared the novel coronavirus, COVID-19, a global pandemic on 11 March 2020.</p> <p>Genel Energy Finance 2 Limited is the issuer of \$300 million 10% bonds 2022 on behalf of Genel Energy plc ('the Group') which are due to be repaid in December 2022. Genel Energy Finance 2 Limited as lent the bond proceeds to its Parent, Genel Energy Holding Company Limited.</p> <p>As part of their assessment of Going Concern, management have considered whether the lower oil price and /or potential disruption to the Group's producing assets, and the effect this could have on its cash flow, might cause a breach of the bond debt covenants in the next 12 months and have concluded based on their assessment and sensitivities that that a breach of the bond covenants is not probable.</p> <p>Given the inherent uncertainty associated with the impact of COVID-19 on the Company, we consider this to be a key audit matter in relation to going concern and general disclosure.</p>	<p>In challenging management's assessment of the impact of COVID-19 on Genel Energy Finance 2 Limited, our procedures included:</p> <ul style="list-style-type: none"> <li>- Reviewing the bond debt documentation and covenants</li> <li>- Conducting enquiries with management to understand the impact of COVID-19 on the Group's producing assets;</li> <li>- Reviewing management's sensitivity analysis on the future cash flow projections of the Group. This included assessing the bond debt covenants and whether there could be a breach in the scenarios which were modelled;</li> <li>- Performing independent sensitivity analysis by modelling further downside scenarios to incorporate the potential impact of COVID-19 on the Group's cash flows particularly in relation to the oil price and receipts of payments; and</li> <li>- Reviewing the related financial statement disclosures for consistency with the results of our procedures.</li> </ul> <p>Based on the procedures performed, we concluded that no change was required in respect of management's disclosures in respect of going concern and the post balance sheet impact of COVID-19.</p>

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company was incorporated on 16 February 2015 and is a wholly owned subsidiary of Genel Energy Holding Company Limited. The principal activity of the Company is as the issuer of bonds on behalf of the Genel Energy plc Group. The Company is not permitted to have any business other than to issue Bonds and on-lend to its Parent (Genel Energy Holding Company Limited). In 2017, the Company issued \$300 million nominal value of bonds paying a 10% coupon and maturing for repayment in December 2022. The cash raised was on-loaned to the Company's parent, Genel Energy Holding Company Limited. During the current financial year, the Company made interest payments due on the bond.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	\$2.98m (2018: \$2.98m).
<b>How we determined it</b>	1% of total assets.
<b>Rationale for benchmark applied</b>	The company's sole purpose is as issuer of the bonds, and its sole activity relates to being a vehicle for the bond expense. The cash is entirely loaned to Genel Energy Holding Company Limited and held as a receivable asset. Given the simple nature of the entity and the limited activities during the year, we consider it appropriate to use total assets as the Materiality benchmark.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$149,000 (2018: \$149,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies (Jersey) Law 1991 exception reporting**

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- proper 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.

We have no exceptions to report arising from this responsibility.

Michael Timar  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Recognized Auditors  
London  
April 2020



**Statement of comprehensive income**

For the year ended 31 December 2019

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>\$000</b>	<b>\$000</b>
<b>Operating result</b>		-	-
Interest income	4	<b>31,203</b>	30,517
Bond interest and discount unwind	5	<b>(30,549)</b>	(30,490)
Other finance expense	5	<b>(644)</b>	(17)
<b>Profit before income tax</b>		<b>10</b>	10
Income tax expense		-	-
<b>Profit for the year</b>		<b>10</b>	10
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>10</b>	10

The notes on page 12 to 18 form part of these financial statements

**Balance sheet**

As at 31 December 2019

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<u><b>\$000</b></u>	<u><b>\$000</b></u>
<b>ASSETS</b>			
<b>Current receivables</b>			
Receivables due from parent company and fellow subsidiaries	4	<u>298,833</u>	<u>298,259</u>
		<b>298,833</b>	<b>298,259</b>
<b>Total Assets</b>		<u><b>298,833</b></u>	<u><b>298,259</b></u>
<b>LIABILITIES</b>			
<b>Non – current liabilities</b>			
Borrowings	5	<u>(297,880)</u>	<u>(297,331)</u>
		<b>(297,880)</b>	<b>(297,331)</b>
<b>Current liabilities</b>			
Trade and other payables	6	<u>(923)</u>	<u>(908)</u>
		<b>(923)</b>	<b>(908)</b>
<b>Net assets</b>		<u><b>30</b></u>	<u><b>20</b></u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	7	-	-
Retained earnings		<u>30</u>	<u>20</u>
<b>Total equity</b>		<u><b>30</b></u>	<u><b>20</b></u>

The notes on page 12 to 18 are an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Board of Directors on 15 April 2020 and were signed on its behalf by:

Esa Ikaheimonen  
Director  
Registered number: 117804

**Statement of changes in equity**

For the year ended 31 December 2019

	<b>Share capital \$000</b>	<b>Retained earnings \$000</b>	<b>Total equity \$000</b>
Balance at 1 January 2018	-	10	10
Profit and total comprehensive income for the year	-	10	10
<b>Balance at 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>20</b>	<b>20</b>
<b>Profit and total comprehensive income for the year</b>	<b>-</b>	<b>10</b>	<b>10</b>
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>30</b>	<b>30</b>

**Statement of cash flows**

For the year ended 31 December 2019

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>10</b>	10
Adjustment for:		
Net interest income	<b>(10)</b>	(10)
<b>Cash generated from operations</b>	<b>-</b>	-
<b>Net change in cash and cash equivalents</b>	<b>-</b>	-
Cash and cash equivalents at 1 January	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	-

The \$300,000k nominal value of bonds issued was on-loaned to Genel Energy Holding Company Limited and was held as a receivable as at 31 December 2019.

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **a) Basis of preparation**

The Company was incorporated in Jersey on 16 February 2015.

The financial statements are prepared on the going concern basis in US Dollars, and in accordance with accounting standards generally accepted in Jersey and the Companies (Jersey) Law 1991.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRS Interpretations Committee (IFRS IC) interpretations. The Company's financial statements have been prepared under the historical cost convention.

The significant accounting policies are set out below and have been consistently applied throughout the year.

#### **b) Going concern**

Based on review of Company's forecast cashflows including taking into account the potential impacts of COVID-19, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and consequently the financial statements have been prepared on a going concern basis.

#### **c) Foreign currency translation**

The Company's financial statements are presented in US Dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the US Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **d) Financial assets and liabilities**

##### *Classification*

The Company assesses the classification of its financial assets on initial recognition at amortised cost, fair value through other comprehensive income or fair value through profit and loss. The Company assesses the classification of its financial liabilities on initial recognition at either fair value through profit and loss or amortised cost.

##### *Recognition and Measurement*

Regular purchases and sales of financial assets are recognised at fair value on the trade-date – the date on which the Company commits to purchase or sell the asset. Receivables due from other group entities, trade and other payables and borrowings are subsequently carried at amortised cost using the effective interest method.

**Notes to the financial statements *continued***

**1. Summary of significant accounting policies *continued***

**e) Cash**

Cash is cash in hand and in the bank.

**f) Receivables due from other group entities**

Receivables due from other group entities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**g) Borrowings**

Borrowings are recognised initially at fair value based on the current market price, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are presented as long or short-term based on the maturity of the respective borrowings in accordance with the loan or other agreement. Borrowings with maturities of less than twelve months are classified as short-term. Amounts are classified as long-term where maturity is greater than twelve months. Where no objective evidence of maturity exists, related amounts are classified as short-term.

**h) Trade and other payables**

Trade and other payables are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**i) Current and deferred income tax**

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**Notes to the financial statements *continued***

**1. Summary of significant accounting policies *continued***

**j) Impairment of financial assets**

IFRS 9 requires a forward-looking impairment model based on expected credit losses (ECLs) of financial assets and the Company to book an allowance for ECLs for its financial assets.

The Company has assessed its receivables due from parent company and fellow subsidiaries at 31 December 2019 for ECLs. The Company uses both past track record of receivables, information available until the reporting date and future expected performance. The result of the Company's assessment is that the effect of the ECL on the financial statements is assessed as not material and no amount is recorded in the accounts.

**k) New accounting standards adopted by the Company**

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2019. IFRS 16 – Leases, Amendments to IFRS 9 - *Prepayment Features with Negative Compensation*, Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures*, Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement*, IFRIC 23 - *Uncertainty over Income Tax Treatments*, Annual Improvements to IFRS Standards 2015–2017 Cycle. The adoption of these standards and amendments has had no impact on the Company's results or financial statement disclosures.

**l) New accounting standards and interpretations not yet adopted**

The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective and have not yet been endorsed by the EU: Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 Jan 2020), Amendment to IFRS 3 Business Combinations (effective 1 Jan 2020), Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 Jan 2020), Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (effective 1 Jan 2020), IFRS 17 Insurance contracts (effective 1 Jan 2021).

**Notes to the financial statements *continued***

**2. Financial risk management**

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

*a) Foreign exchange risk*

Foreign exchange risk arises when transactions and recognised assets and liabilities of the company are denominated in a currency that is not the company's functional currency. The Company does not have significant exposure to foreign exchange risk. There are no forward exchange rate contracts in place at, or subsequent to, 31 December 2019.

*b) Interest rate risk*

The Company is not exposed to interest rate risk since borrowings pay a fixed coupon. Similarly, interest income earned on loans to related entities incur interest at fixed rates.

*c) Credit risk*

The Company is exposed to credit risk on the intragroup receivable owed by its parent. The recovery of this balance is dependent on the credit and liquidity of the Group. The Genel Energy plc Annual Report provides detailed relevant information on the Group's principal risks and uncertainties and how they are mitigated and managed. The viability statement covers the period to December 2024 and states that the Directors of Genel Energy Plc have a reasonable expectation that the company will be able to continue in operation and manage its liabilities as they fall due over the period to December 2024.

*d) Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. The amounts due from Group companies are short term, repayable on demand and are in excess of current liabilities, with the ultimate repayment of the principal to be funded through intercompany arrangements. Consequently, the liquidity risk of the Company is dependent on the liquidity of the Group, which is considered in its Annual Report, primarily in its positive going concern statement and its positive viability statement.

*e) Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. Capital includes retained earnings of \$30k (2018: \$20k).

**3. Administration expenses**

The Company had no employees during the year (2018: nil).

The Directors have received no remuneration during the year for their services to this entity (2018: nil).

The auditors' remuneration for the year was \$6,666 (2018: \$6,666). This was borne by the ultimate parent company.



Notes to the financial statements *continued*

**4. Receivables due from parent company and fellow subsidiaries and Interest income**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Loan to Genel Energy Holding Company Limited	<b>267,630</b>	267,742
Interest income	<b>31,203</b>	30,517
	<b>298,833</b>	298,259

The on-loan of cash to Genel Energy Holding Company Limited is repayable on demand and is fixed at a rate equivalent of the Company's external borrowing rate plus management fees. No loss allowance is made under the expected credit loss model as explained at note 1.

**5. Borrowings and Interest expense**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
\$300 million 10% bonds due December 2022	<b>297,880</b>	297,331
	<b>297,880</b>	297,331

	<b>1 Jan 19</b>	<b>Coupon payments</b>	<b>Interest and discount</b>	<b>31 Dec 19</b>
	<b>(\$000)</b>	<b>(\$000)</b>	<b>unwind (\$000)</b>	<b>(\$000)</b>
<b>2022 Bond 10.0%</b>	<b>297,331</b>	<b>(30,000)</b>	<b>30,549</b>	<b>297,880</b>

  

	1 Jan 18	Coupon payments	Interest and discount	31 Dec 18
	(\$000)	(\$000)	unwind (\$000)	(\$000)
2022 Bond 10.0%	296,750	(30,000)	30,581	297,331

The fair value of the bonds at 31 December 2019 was \$316,500k (2018: \$308,250k).

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Bond interest and discount unwind	<b>30,549</b>	30,490
Other finance expense	<b>644</b>	17
Interest expense	<b>31,193</b>	30,507

At 31 December 2019, other finance expense includes \$583k (2018: nil) fees related to the bondholder waiver of the parent company dividend restriction.

**Notes to the financial statements *continued***

**6. Trade and other payables**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Interest accrual	750	750
Payable to fellow subsidiaries	173	158
	<b>923</b>	<b>908</b>

The fair values of financial liabilities approximate their carrying value since they are repayable on demand and don't bear interest.

**7. Share capital**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Authorised capital</b>		
10,000,000 (2018: 10,000,000) ordinary shares at £1 each	<b>15,000,000</b>	15,000,000
<b>Allotted and fully paid</b>		
2 (2018: 2) ordinary shares at £1 each	<b>2</b>	<b>2</b>

**8. Income tax expense**

There is no tax expense in the current year (2018: nil). Further explanation is provided in note 1.

**9. Parent company**

The Company is a wholly owned subsidiary of Genel Energy Holding Company Limited, a company registered in Jersey. Copies of Genel Energy Holding Company Limited's financial statements can be obtained from the Company Secretary at 12 Castle Street, St Helier, Jersey JE2 3RT.

The Company's ultimate parent undertaking and controlling party is Genel Energy plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Genel Energy plc's consolidated financial statements can be obtained from the Company Secretary at 12 Castle Street, St Helier, Jersey JE2 3RT.

**Notes to the financial statements *continued***

**10. Related parties**

The Directors have identified the ultimate parent company, key management personnel and the Board members, together with the close family members and companies controlled by or affiliated with each of them; and associated, investments and joint ventures as related parties of the company under IAS 24.

Amounts due from group companies:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Genel Energy Holding Company Limited	<b>298,833</b>	298,259
	<b>298,833</b>	298,259

Amounts due to group companies:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Genel Energy PLC	<b>21</b>	21
Genel Energy UK Services Limited	<b>152</b>	137
	<b>173</b>	158

Transactions with group companies:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Interest payment	<b>(30,000)</b>	(30,000)
Interest charged	<b>31,203</b>	30,517
Other finance expenses	<b>(644)</b>	(17)
Legal fees	<b>-</b>	(158)

**11. Events occurring after the reporting period**

After the balance sheet date, there has been a significant fall in oil price as a result of a number of macro events and the Parent Company's operations have been impacted by COVID-19. Although the full extent and timing of the impact of these events is not yet known, the Parent Company expects to experience delays in operations as a result of COVID-19 and the lower oil price is impacting the cash generation of the Group. Under IFRS these are non-adjusting events in respect of the year-end 31 December 2019, consequently, the financial reporting impact will need to be considered in 2020 and could impact areas such as the carrying value of our receivables assets.