SENNEN FINANCE DESIGNATED ACTIVITY COMPANY
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2019

Registered Number: 512443

CONTENTS

DIRECTORS AND GENERAL INFORMATION

DIRECTORS	Brian Buckley (Irish)	(Resigned: 21 December 2018)
	Susan Craig (Irish)	(Appointed: 21 December 2018)
	Brian Groves (Irish)	(Appointed: 28 August 2019)
	Brid McNamara (Irish)	(Resigned: 28 August 2019)

SECRETARY &
REGISTERED OFFICE

Intertrust Corporate Services (Ireland) Designated
Activity Company
1-2 Victoria Buildings
Haddington Road
Dublin 4 D04 XN32
Ireland

CORPORATE SERVICES PROVIDER

Intertrust Fiduciary Services (Ireland) Limited
1-2 Victoria Buildings
Haddington Road
Dublin 4 D04 XN32
Ireland

ARRANGER/DEALER

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

ISSUE AGENT, CUSTODIAN,
PRINCIPAL PAYING AGENT &
CALCULATION AGENT

Deutsche Bank AG
Winchester House
1 Great Winchester House
London EC2N 2DB
United Kingdom

SWAP COUNTERPARTIES

Electricity North West Limited
304 Bridgewater Place
Birchwood Park
Warrington
Cheshire WA3 6XG
United Kingdom

British Broadcasting Corporation
BBC Broadcasting House
Portland Place
London W1A 1AA

DIRECTORS AND GENERAL INFORMATION (continued)

TRUSTEE	Deutsche Trustee Company Limited Winchester House 1 Great Winchester House London EC2N 2DB United Kingdom
LISTING AGENT	Arthur Cox Listing Services Limited Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
LEGAL ADVISORS (AS TO IRISH LAW)	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
INDEPENDENT AUDITORS	Mazars Chartered Accountants & Statutory Audit Firm Harcourt Centre, Block 3 Harcourt Road Dublin 2 Ireland
REGISTERED COMPANY NUMBER	512443

DIRECTORS' REPORT

The Directors present the Directors' report, together with the audited financial statements of Sennen Finance Designated Activity Company (the "Company") for the financial period ended 31 December 2019.

INCORPORATION

The Company is a designated activity company incorporated in Ireland on 25 April 2012.

The Company was incorporated for the purpose of establishing a Note Programme to issue debt instruments.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 25 April 2012, the Company established a €20,000,000,000 Structured Note Programme (the "Programme") to issue secured notes (the "Notes"). Notes are issued in Series (each a "Series") and in the case of each Series of Notes issued enter into a supplemental trust deed.

Each Series of Notes is secured as set out in the terms and conditions of the Notes by the Programme documents. Each Series may also be secured by an assignment of the Company's rights under a swap agreement.

The various transactions into which the Company has entered since incorporation are disclosed in detail in Note 1 to the financial statements on page 17.

The Company continues to seek opportunities to enter into new transactions.

RESULTS AND DIVIDENDS

The Statement of Comprehensive Income for the financial period is set out on page 16.

The Directors do not recommend the payment of a dividend for the financial period ended 31 December 2019 (June 2018: €Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks associated with the Company's business are fair value of derivative financial instruments, market risk (including credit risk, currency risk, interest rate risk and other price risk), counterparty and liquidity risk. The Company has established policies for managing these risks. The policies and exposure thereto are detailed in Note 14 to the financial statements.

DIRECTORS AND SECRETARY

The Directors of the Company that held office during the financial period and up to the date of signing these financial statements are:

Brian Buckley (Irish)	(Resigned: 25 April 2012)
Susan Craig (Irish)	(Appointed: 21 December 2018)
Brian Groves (Irish)	(Resigned: 28 August 2019)
Brid McNamara (Irish)	(Appointed 14 July 2017; resigned: 28 August 2019)

DIRECTORS, SECRETARY & THEIR INTERESTS

None of the Directors or Secretary who held office on 31 December 2019 held any shares in the Company at that date, or during the financial period (June 2018: €Nil).

DIRECTORS' COMPLIANCE STATEMENT

As required by Section 225 of the Companies Act 2014 (“the Act”), we, the directors of Sennen Finance DAC, acknowledge our responsibility for securing compliance with the relevant obligations of Sennen Finance DAC as defined by the Act. We have documented and approved a compliance policy statement which, in our opinion, is appropriate to Sennen Finance DAC with respect to our compliance with relevant obligations as set out in the Act.

We have put in place arrangements and structures that are, in the opinion of the directors of Sennen Finance DAC, sufficient to secure material compliance with the relevant obligations of Sennen Finance DAC.

During the financial period ended 31 December 2019, The Directors and management have conducted a review of the arrangements and structures which we have put in place to secure material compliance with the relevant obligations of Sennen Finance DAC. We acknowledge that the arrangements and structures, which the directors of Sennen Finance DAC have put in place, can only provide reasonable assurance of compliance in all material respects with those obligations. With this control weakness in mind, we now report on our corporate governance other than this weakness.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Company is subject to Irish Statute comprising the Companies Act 2014 and the listing rules of Euronext Dublin and The International Stock Exchange. The Company does not apply additional requirements to those required by the above.

Financial reporting process

The Board of Directors ("The Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company. The Board are also responsible for the review of annual financial statements. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Corporate Services Provider, Intertrust Fiduciary Services (Ireland) Limited, to maintain the accounting records of the Company independently of the Arranger and the Custodian. The Corporate Services Provider is contractually obliged to maintain proper books and records as required by the Corporate Services Administration agreement. To that end the Corporate Services Provider performs reconciliations of its records to those of the Arranger and the Custodian. The Corporate Services Provider is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Corporate Services Provider's financial accounting and reporting routines and monitors and evaluates the external auditor's performance, qualifications and independence. The Corporate Services Provider has operating responsibility for internal control in relation to the financial reporting process.

CORPORATE GOVERNANCE STATEMENT (continued)

Risk assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has delegated certain functions, including the provision of financial reporting, to the Corporate Services Provider through the Corporate Services Agreement. The Corporate Services Provider has put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements, including:

- The Corporate Services Provider has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected; and
- Regular training on accounting rules and recommendations are provided to the accountants employed by the Corporate Services Provider.
- Risk of money laundering is mitigated by the Corporate Services Provider with reference to its policies and procedures in place. A Collateral Administrator is in place that has control over the banks who also employ their own separate AML procedures.

Control activities

The Corporate Services Provider is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Corporate Services Provider, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

The Board which lacks the expert skillset to value complex derivatives for this Company oversees processes relative to agreed policies and ensures that in depth communication and review is conducted with the swap counterparties. Additionally, the movement of the fair valuations from previous financial periods should also be reviewed to investigate fluctuations of the fair valuations of derivatives and to determine the basis thereof.

Share holdings and voting rights

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company’s share capital.

There are no restrictions on voting rights.

Appointment and replacement of directors and amendments in the Articles of Association

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

CORPORATE GOVERNANCE STATEMENT (continued)

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Corporate Services Provider and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Corporate Services Provider.

Transfer of shares

The instrument of a transfer of any share shall be executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register in respect thereof. The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a share. If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

KEY PERFORMANCE INDICATORS

The Directors have identified the unrealised loss on financial liabilities at fair value as a key performance indicator. During the financial period, the fair value of the swaps increased by €11,257,083 (June 2018: increased by €26,882,192).

The Directors are satisfied that the information contained in the business review includes a fair review of the development and performance of the business and the position of the Company.

ACCOUNTING RECORDS

The measures taken by the Directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, regarding proper accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of a service organisation with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the Company are maintained at 1-2 Victoria Buildings, Haddington Road, Dublin 4 Ireland.

SIGNIFICANT EVENTS

The financial year-end of the Company was extended from 30 June 2019 to 31 December 2019 resulting in the current financial period being 18 months in length.

The Directors appointed Mazars Chartered Accountants & Statutory Audit Firm as the Auditors of the Company for the current financial period.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial period end, COVID-19 has spread to over 100 countries worldwide and on March 11, 2020, the World Health Organization (‘WHO’) declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak has caused severe disruptions in the Irish and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration.

EVENTS AFTER THE REPORTING PERIOD (continued)

Many countries, including Ireland, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

The Directors have determined that the impact of the COVID-19 pandemic on the Company to date has been negligible and there has been no indication of expected default by the Swap counterparties in respect of the future schedule of payments to be made by the Swap counterparties. The Directors do not foresee any future risk of default and expect a return to a normal basis of assessment as the COVID-19 pandemic comes to a gradual end.

We are closely monitoring the potential impact of COVID-19 on our 2019 financial results and cash flows and have performed a risk assessment and evaluated our projections for the business. We do not expect significant impacts on our financial results and cash flows resulting from COVID-19. Given that the Directors do not foresee significant impacts of COVID 19 on the Company's operations, the financial statements have been prepared on a going concern basis.

On 1 January 2020, the United Kingdom completed it's transitionary period of departing the European Union as part of it's exit from the EU known as BREXIT. The impact of BREXIT has had a negligible impact on the operations of the Company and the future risks and implications of BREXIT are expected to be minimal over the coming years.

There have been no credit events to the date of signing the financial statements.

GOING CONCERN

Despite recent uncertainty in the financial markets, the Company has planned for the issuance of further series of Limited Recourse Notes. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDIT COMMITTEE

As at the date of these financial statements, the Company has opted for the exemption not to establish an audit committee subject to Section 1551.11C of the Companies Act 2014 as the sole business of the Company is to issue asset backed securities in the form of Limited Recourse Notes.

INDEPENDENT AUDITOR

Mazars Chartered Accountants & Statutory Audit Firm were appointed auditor in accordance with Section 383(1) of the Companies Act 2014 in accordance with section 383(2) of the Companies Act 2014.

RELEVANT AUDIT INFORMATION

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company’s auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

DIRECTORS' REPORT (continued)

RELEVANT AUDIT INFORMATION (continued)

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Signed on Behalf of the Board of Directors on 01 March 2021:

Susan Craig	Brian Groves
Director	**Director**

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the financial statements the Directors are required to:

- select suitable accounting policies for the Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the relevant IFRS financial reporting framework, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and the listing rules of Euronext Dublin and The International Stock Exchange and enable the financial statements to be audited. 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.

Signed on Behalf of the Board of Directors on 01 March 2021:

S. Craig

Susan Craig
Director

Brian Groves
Director

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INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF SENNEN FINANCE DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sennen Finance DAC ('the Company') for the period ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its result for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 ISAs (Ireland) 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENNEN FINANCE DAC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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). The matters, described below, had the greatest impact on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. This was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on this matter.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Key audit matter	**How our audit addressed this key audit matter**
Valuation of the derivative financial instruments at FVTPL Sennen Finance DAC's financial position depends on, to a significant degree, the valuation of derivative financial instruments measured at FVTPL, which are based on judgement and estimation. The valuation techniques and methodologies applied can be complex due to unobservable inputs and any error in the valuation of a financial instrument can have a significant impact on the financial statements. The Company's derivative financial instruments are comprised of level 3 OTC inflation linked swaps. Refer to pages 23-26 (accounting policy) and notes 9, 14 & 15 (financial disclosures).	• Discussed with management and the swap counterparties and obtained an understanding of the valuation methodologies applied; • Reviewed the fair value methodologies and assessed the underlying assumptions for reasonableness; • Assessed the reasonableness of the fair value of the Company's inflation linked swaps based on supporting information and counterparty confirmations; • Independently repriced the fair value of the Company's inflation linked swaps; • Recalculated the unrealised fair value movement on the inflation linked swaps; and • Assessed of the appropriateness of the related disclosures in the financial statements. Based on the procedures performed we consider the valuation of the Company's financial instruments to be reasonable.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENNEN FINANCE DAC

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

Overall materiality	€8,538,049
How we determined it	1% of total assets
Rationale for benchmark applied	In determining our materiality, we considered those financial metrics which we believed to be relevant and concluded that total assets was the most relevant benchmark. We applied this benchmark because in our view this is the metric against which the recurring performance of the Company is commonly measured by its stakeholders.
Reporting threshold	We agreed with the Board of Directors that we would report to them misstatements identified during our audit in excess of €256,141 as well as misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the Company's accounting processes and controls, and the industry in which it operates. In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. We used the outputs of our risk assessment, our understanding of the Company, and also considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENNEN FINANCE DAC

Corporate governance statement

In addition, we report, in relation to information given in the Corporate Governance Statement that:

- based on knowledge and understanding of the company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion
  - The description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids Directive 2004/25/EC) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014, and;
  - The Corporate Governance Statement contains the information required by the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 10, 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 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF SENNEN FINANCE DAC

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 (Ireland) 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 IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf . This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 18 December 2020 to audit the financial statements for the period ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm as auditors of Sennen Finance DAC is 1 year, covering the period ending 31 December 2019.

The non-audit services prohibited by IAASA's Ethical Standard is located at https://www.iaasa.ie/getmedia/cc2cfaa6-ed87-4a1c-927a-af34c217b5b9/Ethical-Standard-for-Auditors-Ireland-2016_1. No non-audit services prohibited by the standard were performed during the period under review.

Our opinion is consistent with our report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Patrick Gorry
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3
Harcourt Road
Dublin 2

Date 02 March 2021

STATEMENT OF COMPREHENSIVE INCOME

For the financial period 1 July 2018 to 31 December 2019
All amounts stated in Euro

	Notes	Financial Period Ended 31 December 2019 €	Financial Year ended 30 June 2018 €
Operating income			
Other income		-	500
Unrealised (loss)/gain on derivative financial instruments	9	11,257,082	26,882,192
		11,257,082	26,882,692
Operating expenses			
Unrealised gain/(loss) on financial liabilities at fair value through profit or loss	10	(11,257,082)	(26,882,192)
		(11,257,082)	(26,882,192)
PROFIT FOR THE FINANCIAL PERIOD/YEAR BEFORE TAXATION		**-**	**500**
Taxation on profit on ordinary activities	5	-	(131)
PROFIT FOR THE FINANCIAL PERIOD/YEAR AFTER TAXATION		**-**	**369**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		-	369

All items dealt with in arriving at the profit for the financial period/year ended 31 December 2019 relate to continuing operations.

The accompanying Notes on pages 20 to 36 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019
All amounts stated in Euro

	Notes	31 December 2019 €	30 June 2018 €
Non current assets			
Derivative financial instruments	9	853,804,882	842,547,800
		853,804,882	842,547,800
Current assets			
Cash and cash equivalents	6	-	(25)
Other receivables	7	1,895	1,895
Total Assets		**853,806,777**	**842,549,670**
Current liabilities			
Other payables	8	(400)	(375)
Total assets less current liabilities		**853,806,377**	**842,549,295**
Non current liabilities			
Financial liabilities at fair value through profit and loss	9	(853,804,882)	(842,547,800)
		(853,804,882)	(842,547,800)
Net assets		**1,495**	**1,495**
Equity			
Share capital	11	1	1
Retained earnings		1,494	1,494
Shareholders' funds		**1,495**	**1,495**

Signed on Behalf of the Board of Directors on01 March 2021:

S. Craig

Susan Craig
Director

Brian Groves
Director

The accompanying Notes on pages 20 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial period 1 July 2018 to 31 December 2019
All amounts stated in Euro

	Share Capital €	Retained Earnings €	Total Equity €
As at 1 July 2018	1	1,494	1,495
Total comprehensive income for the financial period	-	-	-
Balance at 31 December 2019	**1**	**1,494**	**1,495**

	Share Capital €	Retained Earnings €	Total Equity €
As at 1 July 2017	1	1,125	1,126
Total comprehensive income for the financial year	-	369	369
Balance at 30 June 2018	**1**	**1,494**	**1,495**

The accompanying Notes on pages 20 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial period 1 July 2018 to 31 December 2019
All amounts stated in Euro

	Notes	Financial Period Ended 31 December 2019 €	Financial Year Ended 30 June 2018 €
Reconciliation of operating profit to net cash generated from operating activities			
Net profit for the financial period/year before taxation		-	500
Taxation paid	5	-	(131)
Profit for the financial period/year after taxation		-	369
Adjustments for:			
Unrealised (gain)/loss in financial liabilities at fair value through profit and loss	10	11,257,082	26,882,192
Unrealised loss/(gain) in derivative financial instruments	9	(11,257,082)	(26,882,192)
Increase in other receivables	7	-	(394)
Increase/(Decrease) in other payables	8	25	(106)
Net cash generated from operating activities		25	(131)
Net movement in cash and cash equivalents for the financial period/year		25	(131)
Cash and cash equivalents at 1 July 2018		(25)	106
Cash and cash equivalents at 31 December 2019		-	(25)

Payments made by investors for new swap series which are entered into by the Noteholders paid into the bank account held by the arranger, Morgan Stanley.

The accompanying Notes on pages 20 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is a limited liability company incorporated in Ireland on 25 April 2012. The address of its registered office is 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32. The registered number of the Company is 512443.

On 25 April 2012, the Company established a €20,000,000,000 Structured Note Programme (the "Programme") to issue secured notes (the "Notes"). Notes are issued in Series (each a "Series") and in the case of each Series of Notes issued enter into a supplemental trust deed.

Each Series of Notes is secured as set out in the terms and conditions of the Notes by the Programme documents. Each Series may also be secured by an assignment of the Company's rights under a swap agreement.

On 22 May 2012, the Company entered into its first transaction called Series 2012-1. Under this transaction, the Company issued GBP 38,800,000 Inflation Linked Notes due 2038 ("Series 2012-1"). The Notes are listed on Euronext Dublin (formerly the Irish Stock Exchange). The proceeds of the issuance were used to enter into an inflation linked swap with the swap counterparty, Electricity North West Limited ("ENWL").

On 19 January 2015, the Company entered into its second transaction called Series 2015-1. This transaction is similar in nature to Series 2012-1 whereby GBP 69,528,000 Inflation Linked Notes due in 2038 were issued by the Company and listed on Euronext Dublin. The proceeds of the issuance were used to enter into three Inflation Linked Swaps with the swap counterparty, ENWL.

On 9 October 2015, the Company entered into its third transaction called Series 2015-2. This transaction is similar in nature to Series 2012-1 and 2015-1 whereby GBP 84,178,000 Inflation Linked Notes due in 2050 were issued by the Company and listed on Euronext Dublin. The proceeds of the issuance were used to enter into two Inflation Linked Swaps with the swap counterparty, ENWL.

On 9 March 2017, the Company entered into its fourth transaction called Series 2017-1. Under the terms of this transaction the Company issued GBP 319,412,000 Swap Linked Notes due in 2045. The Notes were listed on The International Stock Exchange ("TISE"). The proceeds of the issuance were used to enter into one Inflation Linked Swap with the swap counterparty, the British Broadcasting Corporation (the "BBC").

On 8 November 2017, the Company entered into its fifth transaction called Series 2017-2. This transaction is similar in nature to Series 2012-1, 2015-1 and 2015-2 whereby GBP 108,252,000 Inflation-Linked Notes due in 2038 were issued by the Company and listed on the Euronext Dublin. The proceeds of the issuance were used to enter into three Inflation Linked Swaps with the swap counterparty, ENWL.

The Company has no employees.

2. Accounting policies

(a) Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and the Companies Act 2014.

(b) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Accounting policies (continued)

(c) New Accounting Pronouncements

The IFRS adopted by the EU applied by the Company in the preparation of its financial statements are those that were effective as at 1 July 2018 and have been applied to the financial statements. The assessment of the impact of the new accounting standards has been completed below.

The following standards are in issue and will be effective for financial years beginning prior to the current financial period ended of 31 December 2019:

Amendments to IAS 12
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The new standard is not expected to have any impact on the Company's financial position, performance or disclosures in its financial statements.

IFRS 16: Leases
IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

IFRIC 23 Interpretation: Uncertainty over Income tax treatments
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Directors have reviewed the impact of the initial application of IFRIC 23 Interpretation and determined that there is no impact for the Company.

The Directors have determined the above standards and amendments do not and are not expected to have a future significant impact on the Company's financial position or performance.

(d) Use of accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. Accounting policies (continued)

(d) Use of accounting estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year 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.

(e) Operating income and expenses

All operating income and expenses are accounted for on an accruals basis and are recorded in the Statement of Comprehensive Income.

(f) Taxation

Income tax expense comprises current tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the current financial period, using the tax rates applicable to the Company's activities enacted or substantially enacted at the financial period end date.

(g) Cash and cash equivalents

Cash and cash equivalents include cash held with banks which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short term commitments.

(h) Trade and other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) Other accruals and payables

Other accruals and payables are non interest-bearing and are stated at their nominal value.

(j) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity are recorded at the proceeds received, net of issue costs.

(k) Translation policy

The functional currency of the Company is GBP.

Functional currency is the currency of the primary economic environment in which the entity operates. Series 2012-1, 2015-1, 2015-2, 2017-1 and 2017-2's functional currency is the Great British Pounds as the issued Notes of the Company are denominated in Great British Pounds. The Directors have made the decision that the financial statements should presented in Euro; therefore, the Company's presentation currency is Euro.

3. Accounting policies (continued)

(k) Translation policy (continued)

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial period end date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Foreign exchange gains or losses on translation of financial liabilities at fair value through profit and loss are included in the unrealised gain/loss on financial liabilities at fair value through profit and loss in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at foreign exchange rates ruling at the dates the fair value was determined.

(l) Judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

A key area of estimation for the Company would be in the determination of fair values for financial assets and liabilities for which there is no observable market price. Please refer to Note 9 for further information in respect of the Company's valuations of the financial instruments held at FVTPL.

The Directors of the Company have judged that the financial statements should be denominated in the Euro currency as the presentation currency as the Company is an Irish registered company, is subject to the Irish Companies Act 2014 and Euronext Dublin listing requirements. Additionally, the Notes programme of the swap series is denominated in Euro as set out under general information on page 20.

(m) Financial Instruments

The financial instruments held by the Company include the following:

- Derivative financial instruments – are automatically designated as at fair value through profit and loss
- Other receivables – at amortised cost
- Cash and Cash equivalents - at amortised cost
- Financial liabilities – designated as at fair value through profit and loss
- Other payables – at amortised cost

Classification

Except for certain trade receivables and cash/cash equivalents, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit and loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘Solely Payments of Principal and Interest’ on the principal amount outstanding (the "SPPI criterion").

3. Accounting policies (continued)

(m) Financial Instruments (continued)

The financial liabilities are classified at FVTPL in order to avoid a potential mismatch which would otherwise arise against the assets held at FVTPL.

Financial assets at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the "SPPI" criterion. This category includes the Company's trade and other receivables, and amounts due from related parties.

For financial assets at FVTPL, swap income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in Statement of Comprehensive Income. Upon derecognition, the cumulative fair value change recognised in Other Comprehensive Income is recycled to profit or loss.

Financial assets held within a business model with the objective of both holding contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

The accounting for the Company's financial liabilities under IFRS 9 requires contingent consideration in respect of the inflation linked Notes liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Recognition

The Company recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Initial measurement

IFRS 9 requires those financial instruments classified at fair value through the profit and loss to be measured initially at fair value, with transaction costs recognised directly in the Statement of Comprehensive Income.

Other receivables and other payables are initially measured at cost net of directly attributable transaction costs and are subsequently measured at amortised cost under the effective interest method.

3. Accounting policies (continued)

(m) Financial Instruments (continued)

Subsequent measurement

Subsequent to initial recognition, all instruments classified as at fair value through profit and loss, are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All derivative financial instruments are priced using fair valuations received from the swap counterparties. The Directors and Management place reliance on the fair valuations provided by counterparties in the preparation of the financial statements.

The fair value of the Notes issued is determined by reference to the fair value of the investments and other assets and liabilities of the Company. The fair value of short term receivables and payables approximates to their carrying amount.

Impairment

If there is objective evidence that an impairment loss has been incurred on assets not held at fair value through profit and loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced directly. The amount of the loss shall be recognised in Statement of Comprehensive Income.

Off-setting

Financial assets and liabilities are set off and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

IFRS 13 Credit Risk Adjustment

The fair valuations of the swap derivatives held by Sennen Finance DAC include a Credit Risk Adjustment under IFRS 13 which reflects the risk of default and non-payment of the swap derivative held by Sennen Finance DAC. A discount rate of Libor + 250 bps is used to calculate the IFRS 13 credit risk adjustment for the 2017-1 swap series which was held with the BBC. The CRA for the swap derivatives held with ENWL are calculated on the basis of a yield curve generated from Libor rates for a period of up to 12 months and then swap rates from a period of 12 months to 50 years.

The Directors and Management place reliance on the fair valuations provided by the swap counterparties and rely upon the basis by which these fair valuations were prepared by the counterparties as they do not possess the expertise to prepare the IFRS 13 disclosures to include the quantification of inputs, assumptions, variables used, and an inflation sensitivity analysis of the fair value measurements under IFRS 13. The Directors also confirm that they were unable to obtain this relevant information from the swap counterparties due to the complex nature of the CRA calculations under IFRS 13.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Accounting policies (continued)

(m) Financial Instruments (continued)

There is an equal and opposite effect on the fair valuations of the financial liabilities at fair value through profit and loss.

4. Profit on ordinary activities before taxation

Morgan Stanley & Co. Incorporated will discharge certain expenses of the Company, as laid out in the Disbursements Agreement signed by the Company, Morgan Stanley & Co. Incorporated and Intertrust Fiduciary Services (Ireland) Limited in consideration for proposing the issuance of new Series of Notes under the Sennen Finance Designated Activity Company Programme. These expenses covers the general expenses connected with the operation of the Company and are incurred and discharged directly by Morgan Stanley. The Directors' remuneration earned was €Nil (2018: €Nil) during the financial period/year which is explained further in Note 13.

	Dec 2019	June 2018
	€	€
Auditors remuneration		
- Audit services	18,000	13,000
- Other assurance services	-	-
- Tax advisory services	4,500	4,500
- Other non-audit services	-	-
	22,500	17,500

5. Taxation

The Company is a qualifying company under Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I Schedule D. The estimated tax liability for the financial period/year ended 31 December 2019 is €Nil (30 June: €131).

6. Cash and cash equivalents

	Dec 2019	June 2018
	€	€
Cash at bank	-	-
	-	(25)

7. Other receivables

	Dec 2019	June 2018
	€	€
Corporate benefit receivable	1,894	1,894
Other receivables	1	1
	1,895	1,895

None of the debtors are past due or impaired.

Corporate benefit receivable includes amounts receivable from the Arranger in respect of certain fees due under the programme documentation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Other payables

	Dec 2019 €	June 2018 €
Bank overdraft	25	-
Dividends payable	375	375
	400	375

9. Derivative financial instruments

The Company has used the proceeds from the issue of the Notes to enter into ten Inflation Linked Swaps with the swap counterparties which are detailed below.

The scheduled maturity date of the derivative financial instruments are linked to the scheduled maturity dates of the Notes in issue.

Swap Series	Maturity date	Dec 2019 €	June 2018 €
2012-1 Series No.1	21 July 2038	90,179,373	80,290,670
2015-1 Series No.1	23 July 2038	28,888,187	25,747,090
2015-1 Series No.2	23 July 2038	48,144,446	42,960,835
2015-1 Series No.3	23 July 2038	38,885,490	34,783,556
2015-2 Series No.1	25 Sept 2050	13,304,331	107,569,820
2015-2 Series No.2	25 Sept 2050	45,881,280	30,919,474
2017-1 Series No.1	15 June 2045	468,761,738	390,269,512
2017-2 Series No.1	21 July 2038	39,275,865	45,608,995
2017-2 Series No.2	21 July 2038	42,283,984	41,765,517
2017-2 Series No.3	21 July 2038	38,200,188	42,632,331
		853,804,882	842,547,800

The nominal value of the swaps at is GBP 418,810,000 (June 2018: GBP 418,810,000).

The following schedule outlines the movement in the fair value of derivative financial instruments during the financial period/year:

	Dec 2019 €	June 2018 €
Opening balance	842,547,800	699,405,418
Addition	-	122,450,089
Repayment of principal amounts on Swap	-	(6,189,899)
Unrealised (loss)/gain on derivative financial instruments at fair value through profit and loss	11,257,082	26,882,192
At financial period/year end	853,804,882	842,547,800

The Company has not entered into any additional Swap Series or other derivative transactions during the financial period.

Morgan Stanley & Co International plc is currently rated A1 (June 2018: A1) and Electricity North West Limited is rated Baa1 (June 2018: Baa1) by Moody's Rating Agency. The investment grade of the BBC is unrated. The Directors are satisfied with the current exposure. The Directors continuously monitor the counterparties credit ratings.

10. Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss consist of the Notes issued by the Company under Series 2012-1, 2015-1, 2015-2, 2017-2 which are listed on Euronext Dublin and Series 2017-1 which are listed on the International Stock Exchange ("TISE").

The following Notes are in issue at 31 December 2019:

Series	Base Value	Dec 2019 €	June 2018 €
Series 2012-1	GBP 33,253,229	90,179,374	80,290,668
Series 2015-1	GBP 69,528,000	115,918,123	103,491,481
Series 2015-2	GBP 84,178,000	59,185,611	138,489,294
Series 2017-1	GBP 319,412,000	468,761,737	390,269,513
Series 2017-2	GBP 108,252,000	119,760,037	130,006,844
		853,804,882	842,547,800

Denomination of Notes

The Notes are denominated in Great British Pounds.

Coupon

The Notes do not carry a coupon.

Settlement basis

The Notes will be settled on a delivery free of payment basis.

Security

The Company's obligations under the Notes are secured under the supplemental Trust Deed relating to the Notes in favour of the Trustee for the benefit of the Noteholders and other Secured Creditors. The Notes of each Series are secured on the swap agreement of the Series.

Limited recourse

The Notes are limited recourse obligations of the Issuer. The payment of principal, interest and other amounts in respect of the Notes will be made solely from amounts received in respect of the swap agreement of the relevant Series of Notes of the Company in accordance with the Trust Deed and not from the assets relating to any other Series or from the general assets of the Issuer.

Holders of the Notes will not have any recourse to the general assets of the Issuer. Moreover, no recourse shall be had for the payment of any amount owing in respect of the Notes or the Indenture against any officer, director, employee, stockholder or incorporator of the Issuer.

10. Financial liabilities at fair value through profit and loss (continued)

The following schedule outlines the movement in the fair value of financial liabilities at fair value through profit and loss during the financial period/year:

	Dec 2019	June 2018
	€	€
Opening balance - at fair value through profit and loss	842,547,800	699,405,418
Note Issuances	-	122,450,089
Note repayments	-	(6,189,899)
Unrealised (gain)/loss on financial liabilities at fair value through profit and	11,257,082	26,882,192
Closing balance - at fair value through profit and loss	853,804,882	842,547,800

11. Share capital - equity

	Dec 2019	June 2018
	€	€
Authorised		
100 ordinary shares of €1.00 each	100	100
Issued and called-up		
1 ordinary shares of €1.00 each	1	1

Share capital is held in the Intertrust Fiduciary Services (Ireland) Limited Client account.

12. Ownership of the Company

The sole shareholder in the Company is Intertrust Trustee (Ireland) Limited owning 1 share. The Directors of the Company consider Interrupt Trustee (Ireland) Limited, to be the ultimate controlling party of the Company.

13. Related party transactions

Director of Intertrust Corporate Services (Ireland) Designated Activity Company ("ICSIL") and Intertrust Fiduciary Services (Ireland) Limited ("IFSIL") receive fees from the Company for the provision of company secretarial and other administrative services. Brian Buckley, Susan Craig, Brian Groves and Brid McNamara are/were employees of Intertrust Management Ireland Limited ("IMI"), the parent company of IFSIL and ICSIL.

IFSIL is entitled to receive fees for acting as Corporate Services Provider and for the provision of Directors to the Company. During the financial period, fees amounting to €96,132 (June 2018: €23,416) were payable to IFSIL. In accordance with Sections 305A and 306 of the Companies Act 2014, the consideration paid to Intertrust Fiduciary Services (Ireland) Limited that can be said to relate to the provision of director services amounted to €2,000 (June 2018: €2,000) for the financial period/year.

14. Fair value measurement

Fair value of derivative financial instruments

The Company has issued financial instruments in the form of Inflation Linked Notes. The Company has invested the proceeds of the Notes issued into collateral and entered into ten Inflation Linked Swaps.

It is intended that all financial assets will be held until the earlier of (a) a claim by the swap counterparty under the inflation linked swaps or (b) the corresponding financial liabilities have matured. The Company does not trade in financial instruments.

14. Fair value measurement (continued)

Fair value of derivative financial instruments (continued)

An inflation linked swap is a contract used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation swap, one party pays a fixed rate cash flow on a notional principal amount while the other party pays a floating rate linked to an inflation index. The Company pays the fixed amount on all of the swaps held with ENWL. The Company pays the floating amount on the swap held with the BBC. The party paying the floating rate pays the inflation adjusted rate multiplied by the floating notional amount. Each cash flow comprises one leg of the swap. Inflation swaps are used to hedge the risk of inflation and to use the price fluctuations to their advantage. Swap contracts are recognised at fair value through profit and loss. Payments received or paid on maturity or termination of the contract is recognised as realised gains or losses in the Statement of Comprehensive Income. A swap contract is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The swap held with the BBC is based on the UK retail index. The Company is going against the index. If the index were to rise significantly, it could expose the Company to a credit risk.

There is no concentration risk as the Noteholders of each Series have limited recourse against the secured assets of their specific series and are exposed to the combined risk of the collateral and the reference asset specific to that series.

The Company has valued the derivative financial instruments at €853,804,882 (June 2018: €842,547,800) as of 31 December 2019. The Directors place reliance on counterparty fair valuations from the ENWL and the BBC to determine the appropriate fair valuations at which the swap should be disclosed in the financial statements. The fair value of the financial liabilities are dependent upon and equal to the sum of the fair values of the derivative financial instruments.

The valuations, which are classified as Level 3 per the fair value hierarchy, see below, are based on values obtained from the swap counterparties of the derivative financial instruments, which may be determined in whole or in part using valuation techniques based on assumptions that may be supported by prices from current market transactions or observable market data.

Valuation techniques used include the use of comparable arm's length transactions, discounted cash flow analysis and other commonly used valuation techniques. If other independent prices were available for the financial instruments, or different assumptions were used, the valuations may be different from those presented and those differences could be material. The outcome of these uncertainties cannot at present be determined.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset and liability either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of financial assets and financial liabilities that are traded in active markets, (level 1), are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

14. Fair value measurement (continued)

Fair value of derivative financial instruments (continued)
Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices uses widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The derivative financial instruments held by the Company are valued in accordance with the relevant derivative documentation using observable market inputs.

For more complex level 3 instruments proprietary valuation models are used which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The fair values of the financial liabilities are dependent upon and equal to the sum of the fair values of the derivative financial instruments because the investments held by the Company match back to the amounts owed to the Noteholders. As at 31 December 2019, the carrying amounts of the derivative financial instruments and the Notes issued by the Company which fair values were determined using valuation techniques are as follows:

	Level 1	Level 2	Level 3
	€	€	€
Derivative financial instruments	-	-	853,804,882
Financial liabilities at fair value through profit and loss	-	-	(853,804,882)
	-	-	-

14. Fair value measurement (continued)

Fair value of derivative financial instruments (continued)

As at 30 June 2018 the carrying amounts of the derivative financial instrument and the Notes issued by the Company which fair values were determined using valuation techniques are as follows:

	Level 1 €	Level 2 €	Level 3 €
Derivative financial instruments	-	-	842,547,800
Financial liabilities at fair value through profit and loss		-	(842,547,800)
	-	-	-

There were no significant movement between levels during the financial period.

The following table sets out a reconciliation of the movements in the fair value of the derivative financial liabilities classified as level 3:

Financial Assets at fair value through profit and loss	**Level 3 31 December 2019 Total €**	**Level 3 30 June 2018 Total €**
Balance at the start of the financial period/year	842,547,800	699,405,418
Note issuances	-	122,450,089
Note repayments	-	(6,189,899)
Unrealised (loss)/gain on financial assets at fair value through profit and loss	11,257,082	26,882,192
Balance at the end of the financial period/year	853,804,882	842,547,800

The following table sets out a reconciliation of the movements in the fair value of the derivative financial liabilities classified as level 3:

Financial liabilities at fair value through profit and loss	**Level 3 31 December 2019 Total €**	**Level 3 30 June 2018 Total €**
Balance at the start of the financial period/year	842,547,800	699,405,418
Note issuances	-	122,450,089
Note repayments	-	(6,189,899)
Unrealised (gain)/loss on financial liabilities at fair value through profit and loss	11,257,082	26,882,192
Balance at the end of the financial period/year	853,804,882	842,547,800

15. Financial risk management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include credit risk and market risk (including currency risk, fair value interest rate risk and price risk). The risk management of the Company is the responsibility of the Directors. The Directors have attempted to match the properties of its financial liabilities to its assets including derivative contracts to avoid significant elements of risk generated by mismatches of investment performance against its obligations together with any maturity or interest rate risk. The Directors seek to assess, monitor and manage the potential adverse effects of these risks on the Company's financial performance by appropriate methods as discussed.

Credit risk

Credit risk refers to the risk that a Counterparty will default on its contractual obligations resulting in financial loss to the Company. At the financial period end, the financial assets exposed to credit risk included the derivative financial instruments disclosed in Note 8. These derivative financial instruments have been stated to include an IFRS 13 CRA to reflect the risk of default and non-payment of these swaps.

The Company's exposure and the credit ratings of its counterparties are continuously monitored by the Directors. The credit rating, as per Moody's Rating agency, for ENWL holds a rating of Baa1 (June 2018: Baa1). The investment grade of the BBC is not rated.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies. The Directors believe that there is no material net credit risk to the Company since its obligations to Noteholders are limited to the amounts due and receivable from the Company's financial assets.

As at 31 December 2019 there are no debt instruments past due or impaired.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Notes are denominated in Great British Pounds and payable in Great British Pounds; therefore, there is no currency risk exposure.

Market risk

Market risk is the potential change in value caused by movements in interest rates, foreign exchange or market prices of the derivative financial instrument. The Noteholders are exposed to the market risk of the assets of the portfolio. The Company has entered into inflation linked swaps agreement with Morgan Stanley to manage the Noteholder's exposure to market risk.

15. Financial risk management (continued)

The Noteholders of each series have limited recourse against the secured assets of their specific series, and are exposed to the combined market risk of the collateral and the reference asset specific to that series.

Assets	**Dec 2019 €**	**June 2018 €**
Derivative financial instruments	853,804,882	842,547,800
	853,804,882	842,547,800

Liabilities	**Dec 2019 €**	**June 2018 €**
Financial liabilities:		
at fair value through profit and loss	(853,804,882)	(842,547,800)
	(853,804,882)	(842,547,800)

Sensitivity analysis
At the financial period end date, if the EUR/GBP exchange rate had increased by 2% the value of the derivative financial asset and the Notes would have decreased by €16,741,273 (June 2018: €16,520,545), a decrease of 2% would have had an equal but opposite effect.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The below is an analysis of the interest rate profile of the Company's financial position as at 31 December 2019 and 30 June 2018 on a fair value basis:

	Dec 2019 €	**June 2018 €**
Assets		
Variable rate financial assets	(853,804,882)	842,547,800
	(853,804,882)	842,547,800
Liabilities		
Non interest bearing	(853,804,882)	(842,547,800)
	(853,804,882)	(842,547,800)

In respect of the Notes the issuer shall not be obliged to make any payment to holders under the Notes unless it has received a corresponding payment from the Inflation Linked Swaps.

15. Financial risk management (continued)

Price risk

Price risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Company's overall market position are monitored on a regular basis by the Directors.

A 2% increase in market price of the derivative assets as at 31 December 2019 would have resulted in an increase of €17,076,098 (June 2018: €16,850,956) in the value of financial assets; a 2% decrease in market price would have had an equal but opposite effect.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company tries to match the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of investment performance against its obligations.

The following table details the Company’s liquidity analysis for its financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial liabilities that settle on a net basis and the undiscounted gross cash flows on those financial liabilities that require gross settlement.

	Dec 2019 Over 5 years €	June 2018 Over 5 years €
Financial liabilities at fair value through profit and loss	(853,804,882)	(842,547,800)
	(853,804,882)	(842,547,800)

Counterparty risk

The swap agreements involve the Company entering into contracts with Counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Company under certain conditions described therein. The Company will accordingly be exposed to the credit risk of the counterparty with respect to such payments. However, due to the limited recourse nature of the financial liabilities, there is no net counterparty risk to the Company.

Capital management

The Company manages the various swap derivatives held by the Company to ensure that it will be able to continue as a going concern.

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

16. Foreign exchange rates

The Company used the following exchange rates at the financial period/year end to translate the values denominated in a foreign currency to Euro:

		31 Dec 2019	30 June 2018
Great British Pound	GBP	0.8865	0.8865

17. Events after the reporting period

The spread of the COVID-19 outbreak has caused severe disruptions in the Irish and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration.

Many countries, including Ireland, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

The Directors have determined that the impact of the COVID-19 pandemic on the Company to date has been negligible and there has been no indication of expected default by the Swap counterparties in respect of the future schedule of payments to be made by the Swap counterparties. The Directors do not foresee any future risk of default and expect a return to a normal basis of assessment as the COVID-19 pandemic comes to a gradual end.

We are closely monitoring the potential impact of COVID-19 on our 2019 financial results and cash flows and have performed a risk assessment and evaluated our projections for the business. We do not expect significant impacts on our financial results and cash flows resulting from COVID-19. Given that the Directors do not foresee significant impacts of COVID 19 on the Company's operations, the financial statements have been prepared on a going concern basis.

On 1 January 2020, the United Kingdom completed it's transitionary period of departing the European Union as part of it's exit from the EU known as BREXIT. The impact of BREXIT has had a negligible impact on the operations of the Company and the future risks and implications of BREXIT are expected to be minimal over the coming years.

There have been no credit events to the date of signing the financial statements.

18. Approval of the financial statements

The Directors authorised the financial statements for issue on 01 March 2021