

**SPARK CHANGE JERSEY ISSUER LIMITED**

**Directors' report and audited financial statements  
for the period ended 31 March 2021**

The Directors present their report together with the audited financial statements of Spark Change Jersey Issuer Limited ("the Company") for the period from incorporation on 03 February 2021 to 31 March 2021.

#### **Incorporation**

The Company was incorporated in Jersey on 03 February 2021.

#### **Principal activities**

Spark Change Jersey Issuer Limited acts solely to support the programme of HANetf ETC Securities plc for the issuance of carbon securities. Spark Change Jersey Issuer Limited holds the carbon allowances that ultimately back the carbon securities and ensure that the notes it issues to HANetf ETC Securities plc are kept in line with its physical holdings.

The only permitted activity of Spark Change Jersey Issuer Limited is to hold carbon allowances in the holding account and issue backing notes to HANetf ETC Securities plc.

Spark Change Jersey Issuer Limited accounts have very little activity in this period given that the entity has recently been created as an orphan single purpose vehicle and is yet to engage in its sole activity, the issuance of unlisted carbon securities, which are 100% backed by physical EUAs in connection with the HANetf Carbon Securities programme. It will soon launch the issuance of these securities and enter into contracts for this purpose.

The Spark Change Group Inc ("SCGI") is a US headquartered group, comprising several experts in the global carbon allowances market, whose core business is to support the creation of investment products using carbon allowances, which in turn enables investors worldwide to play their part in reversing global warming.

SCGI is providing operational support to the Spark Change Jersey Issuer Limited including the provision of technology and other services supporting its ongoing carbon-specific operational activities. It will also be providing financial support to the entity.

#### **Directors**

The Directors of the Company, who served during the period and subsequently, are:

Dominic Hebert (appointed 03 February 2021)  
Ruari Allan (appointed 03 February 2021)

None of the Directors hold any interest in the shares of the Company.

#### **Statement of Directors' responsibilities with regard to the financial statements**

The Directors are required by the Companies (Jersey) Law 1991, as amended, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Company and to enable the Directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

**Statement of Directors' responsibilities with regard to the financial statements (continued)**

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.

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

**Results and dividends**

The results for the period are shown in the statement of comprehensive income.

The Directors do not recommend the payment of a dividend in respect of the period ended 31 March 2021.

**Secretary**

The Secretary of the Company during the period and subsequently, is:

Apex Financial Services (Secretaries) Limited (appointed 03 February 2021)

**Auditors**

Bracken Rothwell Limited were appointed on 08 June 2021 .

**Going concern**

The Directors note that SCGI has committed to cover the excess costs, expenses and professional fees incurred by Spark Change Jersey Issuer Limited in connection with the HANetf Carbon Securities programme in periods where Spark Change Jersey Issuer Limited's expenses exceed its income. The Directors have verified the financial position of SCGI and are comfortable that SCGI will be able to meet this commitment in the next 12 months.

By Order of the Board

  
.....  
Director

24 JUNE 2021  
.....  
Date

**Registered Office**

12 Castle Street  
St Helier  
Jersey  
JE2 3RT  
Channel Islands



BRACKEN | ROTHWELL  
CHARTERED ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK CHANGE JERSEY ISSUER LIMITED**

### **Auditor Authorisation**

Bracken Rothwell Limited is authorised to act as auditor to Spark Change Jersey Issuer Limited since it satisfies the requirements set out in Article 102(1)(c) of the Companies (Jersey) Law 1991.

### **Opinion**

We have audited the financial statements of Spark Change Jersey Issuer Limited (the "Company") for the period ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and notes 1 to 10 to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS").

In our opinion, the financial statements:

- present a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance for the period then ended;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the Companies (Jersey) Law 1991.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Ethical Standards as issued by the Financial Reporting Council ("FRC") in the United Kingdom and other guidance and ethical requirements that are relevant to our audit of the financial statements in Jersey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions Relating to Going Concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the Director report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Director report. Our opinion on the financial statements does not



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK CHANGE JERSEY ISSUER LIMITED  
(continued)**

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on Other Matters**

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

**Matters on Which We Are Required to Report by Exception**

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

We have nothing to report in respect of the following matters, in our opinion:

- the financial statements are in agreement with the accounting records and returns; and
- we have received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities on page 4, 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 controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**BRACKEN | ROTHWELL**

CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK CHANGE JERSEY ISSUER LIMITED  
(continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of non-compliance or fraud by the Company. We designed audit procedures to detect material misstatements due to fraud and error. We note that it can be harder to detect those arising due to fraud as they may involve deliberate concealment or collusion. We focused on laws and regulations that could give rise to material misstatement in the Company's financial statements, including, but not limited to, Companies (Jersey) Law 1991. Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisers and enquiries of management. There are inherent limitations in the audit procedures described above and the more removed from the financial transactions, the less likely it is that we would become aware of non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Alistair Rothwell, FCA**

For and behalf of

**Bracken Rothwell Limited**

*2<sup>nd</sup> Floor, The Le Gallais Building*

*54 Bath Street, St Helier*

*Jersey, JE1 1FW*

Date: *25 June 2021*

**Spark Change Jersey Issuer Limited**  
**Statement of comprehensive income**  
**31 March 2021**

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	Notes	EUR	2021	EUR
<b>Expenses</b>				
Professional fees	5	<u>21,543</u>		
<b>Loss for the period</b>				<u>(21,543)</u>

All the items dealt with in arriving at the loss for the period relate to continuing operations.

	Notes	2021 EUR
<b>Assets</b>		
<b>Current assets</b>		
Debtors and prepayments		<u>2</u>
<b>Total assets</b>		<u>2</u>
<b>Equity and liabilities</b>		
Share capital	7	2
Retained earnings		<u>(21,543)</u>
<b>Total equity</b>		<u>(21,541)</u>
<b>Current liabilities</b>		
Accrued expenses		<u>21,543</u>
<b>Total liabilities</b>		<u>21,543</u>
<b>Total equity and liabilities</b>		<u>2</u>

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board of Directors on 24 JUNE 2021 and were signed on its behalf by:

  
 .....  
 Director

  
 .....  
 Director



**Spark Change Jersey Issuer Limited**  
**Statement of changes in equity**  
**31 March 2021**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Loss for the period	<u>-</u>	<u>(21,543)</u>	<u>(21,543)</u>
<b>Total comprehensive income for the period ended 31 March 2021</b>	<b><u>-</u></b>	<b><u>(21,543)</u></b>	<b><u>(21,543)</u></b>
Transactions with owners:			
Issue of ordinary share capital	<u>2</u>	<u>-</u>	<u>2</u>
	<u>2</u>	<u>-</u>	<u>2</u>
<b>Balance at 31 March 2021</b>	<b><u>2</u></b>	<b><u>(21,543)</u></b>	<b><u>(21,541)</u></b>

Please read in conjunction with the attached notes

**Spark Change Jersey Issuer Limited**  
**Statement of cash flows**  
**31 March 2021**

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	Notes	2021 EUR
<b>Cash flows used in operating activities</b>		
Cash generated from operations	8	<u>(2)</u>
Net cash used in operating activities		<u>(2)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Issuance of ordinary shares		<u>2</u>
Net cash generated from financing activities		<u>2</u>
<b>Net increase in cash and cash equivalents</b>		<u>-</u>
<b>Cash and cash equivalents at end of the period</b>		<u>-</u>

Please read in conjunction with the attached notes

## 1 General information

Spark Change Jersey Issuer Limited ('the Company') is a special purpose vehicle in connection with an exchange traded securities programme to be launched by HANetf ETC Securities Plc.

The Company is incorporated and domiciled in Jersey. The address of its registered office is:

12 Castle Street  
St Helier  
Jersey  
JE2 3RT  
Channel Islands

## 2 Statement of compliance

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union applicable to companies reporting under IFRS and the Companies (Jersey) Law, 1991, as amended.

## 3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with International Financial Reporting Standards

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

A summary of the more important policies adopted in dealing with items that are considered material to the Company are shown below:

### Going concern

Spark Change Group Inc. has agreed, among other things, to reimburse the Company for all costs and expenses and professional fees (including legal fees) in connection with the programme of HANetf ETC Securities plc for the issue of carbon securities to the extent it is unable to settle these from the proceeds of the sale of allowances. This position will be formally agreed within an advisory agreement between Spark Change Group Inc. and the Company.

### Accounting period

These financial statements are for the period from the date of incorporation on 03 February 2021 to 31 March 2021.

### Foreign currency

#### *Functional and presentation currency*

The Company's functional and presentation currency is the Euro.

### 3 Accounting policies (continued)

#### Foreign currency (continued)

##### *Transactions and balances*

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

#### Revenue recognition

All income is accounted for on an accruals basis.

Income is included net of tax where levied at source.

#### Expenses

Expenses are accounted for on an accruals basis.

#### Financial instruments

##### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 3 Accounting policies (continued)

#### Financial instruments (continued)

##### *Impairment of financial assets*

##### *Assets carried at amortised cost*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the unaudited profit and loss account. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the unaudited profit and loss account.

### 4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There have been no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the period.

### 5 Taxation

#### **Jersey taxation**

The Company is currently taxed in Jersey at the standard rate of 0%.

The Company is categorised as an International Service Entity ('ISE') and as such is required to pay an annual ISE fee, accordingly the administration fees include an amount of GBP 200 in respect of the ISE fee. As an ISE, the Company is exempt from Goods and Services Taxation.

## 6 Financial risk management

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and operational risk. The Company's overall financial risk management programme seeks to minimise potential adverse effects on the Company's financial performance at acceptable cost levels

#### (a) Market risk

The Company's exposure to market risk is comprised of the following risks:

##### (i) Foreign exchange risk

As the Company's principal activity will be transacted in EUR which is also the Company's functional and presentation currency, the Company's exposure to foreign currency risk will be limited to administrative and/or other professional services that will be provided in GBP.

##### (ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

#### (b) Credit risk

The Company is exposed to credit risk from its exposures to customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk is represented by the carrying amount of the financial assets that are carried in the Balance Sheet.

#### (c) Liquidity risk

The Company monitors rolling forecasts of the Company's liquidity requirement to ensure it will have sufficient cash to meet operational needs.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021 EUR
<b>Financial assets - current</b>	
Debtors and prepayments	2
<b>Financial liabilities - current</b>	
Accrued expenses	21,543

#### (d) Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people, systems or external events. This risk is mitigated by the presence of qualified professionals in the appointment of Apex Financial Services (Jersey) Limited as administrators and corporate service providers and qualified directors and designated persons involved in and reviewing the processes of Spark Change Jersey issuer Limited.

## 7 Share capital

The authorised share capital of the Company is GBP 10,000 divided into 10,000 shares of GBP 1 each

	2021 EUR
<b>Issued and fully paid:</b>	
2 Ordinary Shares of GBP 1 each	2

## 8 Cash used in operations

	2021 EUR
Loss for the period	(21,543)
Decrease/(Increase) in debtors	(2)
(Decrease)/increase in creditors	21,543
Cash used in operations	(2)

## 9 Related party transactions

Dominic Hebert and Ruari Allan who served as Directors during the period and subsequently are also Directors of entities that are part of the Apex Group. The Apex Group provides administrative and accounting services to the Company. Fees recognised by the Company in respect of such services are included in the Statement of comprehensive income and any outstanding liability at the year-end is reflected in the Balance Sheet.

## 10 Ultimate controlling party

The ultimate controlling party of the Company is Apex Financial Services (Trust Company) Limited as Trustee of The Spark Change Jersey Purpose Trust.