Capital Meters Limited
COMPANY NUMBER 04800317

Strategic Report, Directors' Report and Financial Statements for the financial year ended 31 March 2019

MACQUARIE

The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Capital Meters Limited

2019 Strategic Report, Directors' Report and Financial Statements

Contents

		Page
Strategic Report		2
Directors' Report		4
Independent Auditors' Report to the members of Capital Meters Limited		6
Profit and loss account		8
Statement of comprehensive income		8
Balance sheet		9
Statement of changes in equity		10
Notes to the financial statements		
Note 1.	Company information	11
Note 2.	Summary of significant accounting policies	11
Note 3.	Profit on ordinary activities before taxation	20
Note 4.	Interest receivable and similar income	20
Note 5.	Interest payable and similar charges	20
Note 6.	Taxation	20
Note 7.	Tangible assets	22
Note 8.	Debtors	23
Note 9.	Cash at bank	23
Note 10.	Creditors: amounts falling due within one year	24
Note 11.	Creditors: amounts falling due after more than one year	24
Note 12.	Provisions for liabilities	25
Note 13.	Called up share capital	25
Note 14.	Other reserves and profit and loss account	25
Note 15.	Dividends	25
Note 16.	Related party information	25
Note 17.	Directors' remuneration	26
Note 18.	Contingent liabilities and commitments	26
Note 19.	Derivative financial instruments	26
Note 20.	Ultimate parent undertaking	26
Note 21.	Events after the reporting year	26

Strategic Report
for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Capital Meters Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities
The principal activity of the Company during the financial year ended 31 March 2019 was the provision and management of gas and electricity meters to energy suppliers.

Review of operations
The profit for the financial year ended 31 March 2019 was £7,777,000 (2018: £8,545,000).

Operating profit for the year ended 31 March 2019 was £10,002,000 (2018: £12,455,000).

Total operating expenses for the year ended 31 March 2019 were £456,000 (2018: £182,000).

As at 31 March 2019, the Company had net assets of £7,021,000 (2018: £8,039,000).

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in MGL's financial statements and can be obtained from the address given in Note 20.

The Macquarie Group operates parts of its European Union ("EU") business from United Kingdom based subsidiaries such as the Company. On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the transitional arrangements (if any), and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

Financial risk management
Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk and operational risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As ultimately an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL. The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Strategic Report (continued)
for the financial year ended 31 March 2019

Financial Risk management (continued)

Credit risk
Credit exposures, approvals and limits are controlled with the Macquarie Group's credit framework, as established by RMG.

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Interest rate risk
The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings and external parties, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings and external parties, which also incur a variable rate of interest.

Other matters
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators, the Company's business impact on the environment and social, community and human rights issues in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Stuart Mackie
Director
24 June 2019

Directors' Report
for the financial year ended 31 March 2019
Company Number 04800317

In accordance with a resolution of the Directors of the Company, the Directors submit herewith the audited financial statements of the Company and report as follows:

Directors and Secretaries

The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:
J Liddy
L Tricarico
S Mackie

The Secretary who held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, was:
H Everitt

Results

The profit for the financial year ended 31 March 2019 was £7,777,000 (2018: £8,545,000).

Dividends

Interim dividends of £9,301,000 (2018: Interim £8,813,000) were paid during the current financial year.

No final dividend has been proposed.

State of affairs

There were no other significant changes in the state of affairs of the Company that occurred during the current financial year under review not otherwise disclosed in the Directors' report.

Events after the reporting year

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

The Directors believe that no significant changes are expected other than those already disclosed in this report.

Financial risk management

The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk and operational risk are contained within the Strategic Report.

Indemnification and insurance of Directors

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year directors' liability insurance in respect of the Company and its Directors.

Directors' Report (continued)
for the financial year ended 31 March 2019

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors 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.

Disclosure of information to auditors
In the case of each Director in office at the date the Directors' Report is approved:
• so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
• they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

Stuart Mackie
Director
24 June 2019

Independent auditors' report to the members of Capital Meters Limited

Report on the audit of the financial statements

Opinion

In our opinion, Capital Meters Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Capital Meters Limited (continued)

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
24 June 2019

Financial Statements

Profit and loss account
for the financial year ended 31 March 2019

	Notes	2019[1] £000	2018 £000
Turnover		**18,279**	20,970
Cost of Sales		**(7,821)**	(8,333)
Gross profit		**10,458**	12,637
Administrative expenses	3	**(178)**	(184)
Other operating (expenses)/income		**(278)**	2
Operating profit		**10,002**	12,455
Interest receivable and similar income	4	**54**	14
Interest payable and similar charges	5	**(348)**	(1,809)
Profit on ordinary activities before taxation	3	**9,708**	10,660
Tax on profit on ordinary activities	6	**(1,931)**	(2,115)
Profit for the financial year	14	**7,777**	8,545

The above profit and loss account should be read in conjunction with the accompanying notes on pages 11 to 26, which form an integral part of the financial statements.

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 15 – Revenue from contracts with customers ("IFRS 15") on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial years. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9 and IFRS 15.

Turnover and profit on ordinary activities before taxation relate wholly to continuing operations.

Statement of comprehensive income
for the financial year ended 31 March 2019

	Notes	2019[1] £000	2018 £000
Profit after tax for the financial year	14	**7,777**	8,545
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss:			
Cash flow hedges, net movement recognised in OCI, net of tax		**612**	1,359
Movement in deferred tax relating to cash flow hedges	6	**(104)**	(231)
Total other comprehensive income	14	**508**	1,128
Total comprehensive income		**8,285**	9,673
Total comprehensive income attributable to ordinary equity holders of Capital Meters Limited		**8,285**	9,673

The above statement of comprehensive income should be read in conjunction with the accompanying notes on pages 11 to 26, which form an integral part of the financial statements.

[1] *The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted* by IFRS 9, the Company has not restated previously reported financial years. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

Balance sheet
as at 31 March 2019

	Notes	2019[1] £000	2018 £000
Fixed assets			
Tangible assets	7	**17,287**	24,559
Current assets			
Debtors (including £401,000 (2018: £1,510,000) due after more than one year)	8	**5,547**	7,224
Cash at bank	9	**8,669**	8,418
		14,216	15,642
Current liabilities			
Creditors: amounts falling due within one year	10	**(17,402)**	(18,288)
Net current liabilities		**(3,186)**	(2,646)
Total assets less current liabilities		**14,101**	21,913
Creditors: amounts falling due after more than one year	11	**(4,101)**	(10,260)
Provisions for liabilities	12	**(2,979)**	(3,614)
Net assets		**7,021**	8,039
Capital and reserves			
Called up share capital	13	**50**	50
Other reserves	14	**(358)**	(866)
Profit and loss account	14	**7,329**	8,855
Total shareholders' funds		**7,021**	8,039

The above balance sheet should be read in conjunction with the accompanying notes on pages 11 to 26, which form an integral part of the financial statements.

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial years. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

The financial statements of Capital Meters Limited, registered number 04800317, on pages 8 to 26 were authorised for issue by the Board of Directors on 24 June 2019 and were signed on its behalf by:

Stuart Mackie
Director

Statement of changes in equity
for the financial year ended 31 March 2019

	Notes	Called up share capital £000	Cash flow hedging reserve[1] £000	Profit and loss account[2] £000	Total shareholders' funds £000
Balance at 1 April 2017		**50**	**(1,994)**	**9,123**	**7,179**
Profit for the financial year		-	-	8,545	8,545
Other comprehensive income, net of tax		-	1,128	-	1,128
Total comprehensive income		-	1,128	8,545	9,673
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends	15	-	-	(8,813)	(8,813)
Balance at 31 March 2018	14	**50**	**(866)**	**8,855**	**8,039**
Change on initial application of IFRS 9[3]		-	-	(2)	(2)
Restated balance at 1 April 2018		**50**	**(866)**	**8,853**	**8,037**
Profit for the financial year		-	-	7,777	7,777
Other comprehensive income, net of tax		-	508	-	508
Total comprehensive income		-	508	7,777	8,285
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends	15	-	-	(9,301)	(9,301)
Balance at 31 March 2019	14	**50**	**(358)**	**7,329**	**7,021**

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 11 to 26, which *form an integral part of the financial statements.*

[1]The Cash flow hedging reserve relates to derivatives or financial instruments which were designated as hedging instruments in qualifying hedge relationships. The reserve represents the gain or loss on a derivative or financial instrument associated with the effective portion of the hedge, which is subsequently released to the profit and loss account when the hedged item affects the profit and loss account.

[2]The profit and loss account represents accumulated comprehensive income for the year and prior years and transfers from the cash flow hedging reserve less dividends paid.

[3]The March 2019 financial results reflect the adoption of IFRS 9 and IFRS 15 on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial years. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9 and IFRS 15.

Notes to the Financial Statements
for the financial year ended 31 March 2019

Note 1. Company information
Capital Meters Limited ('the Company') provides and manages gas and electricity meters to energy suppliers.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom. The Company's principal place of business is Suites 3-4 Warners Mill, Silks Way, Braintree CM7 3GB, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation
The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention, except for the financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL), financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that are designated as FVTPL (DFVTPL).

The financial statements contain information about the Company as an individual company.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:
- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
  - Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The requirements of paragraphs 10(d), 16, 38B to 38D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

– measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecast of economic conditions (Note 2(xvii))
– fair value of financial assets and financial liabilities (Note 19);
– recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities (Notes 6 and 12).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes that the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from management's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

New Accounting Standards and amendments to Accounting Standards that are effective in the current financial year

IFRS 9 Financial Instruments

IFRS 9 replaced International Accounting Standard 39 Financial Instruments: Recognition and Measurement ("IAS 39") from 1 April 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets and the application of hedge accounting. The Company has applied the requirements of IFRS 9 in the current financial year beginning 1 April 2018.

Transition:
As permitted by IFRS 9, the Company has not restated its comparative financial statements and has recorded transition adjustments to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of the IFRS 9 requirements.

The transition adjustment did not have a material impact and resulted in a reduction of the Company's shareholder's fund by £2k after tax.

The adoption of the Classification and Measurement requirements of the standard did not result in significant measurement differences when compared to those under IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occurs when control of the goods or services are transferred to the customer.

The Company early adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. No material adjustment to opening retained earnings were made as the amendments to accounting policy did not result in significant changes to the timing or amount of revenue recognised at 31 March 2018.

New Accounting Standards and amendments to Accounting Standards that are effective after 1 April 2019

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019)
The Company has considered the potential impact of adopting the upcoming new accounting standard IFRS 16 and has concluded that the impact is not material.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

ii) Going concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Deficiency of net current assets
The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 March 2019 of £3,587,000. The company's forecasts and projections, taking into account reasonable possible changes in performance, show that the company will be able to meet its obligations with its current cash reserves and borrowings.

iv) Functional and presentation currency
The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

v) Revenue and expense recognition

Operating lease income

Operating lease income is recognised on a straight-line basis over the period of the lease, with any rental increases recognised in the period to which they relate.
All lease rentals received but unearned under the lease agreements are recorded as deferred income in creditors on the balance sheet until earned.
The income due in relation to the removal of a meter that is subject to a premature replacement charge from the supplier is accrued at the point of removal.

Finance lease income

Interest income on finance leases is brought to account progressively over the life of the lease consistent with the outstanding investment balance.

Other operating income/expense

Other operating income/expense comprises other gains and losses relating to foreign exchange differences and credit impairment charges on financial instruments.

Net interest income/expense

Interest income and interest expense is recognised using the effective interest rate (EIR) method for financial assets and liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss account over the expected life of the instrument in accordance with the EIR method.

Expenses

Expenses are recognised in the profit and loss account as and when provision of services is received.

vi) Turnover
All activities are generated in the United Kingdom and relate to the Company's principal business.

vii) Dividends
The interim dividend is recognised when paid, and the final dividend is recognised when approved by the shareholders.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

viii) Taxation
The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised directly in OCI are also recognised directly in OCI.

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding of the law.

ix) Financial instruments
Recognition of financial instruments
Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value adjusted for (in the case of instruments not carried at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument. Transaction costs relating to financial instruments carried at FVTPL are expensed in the profit and loss account.

De-recognition of financial instruments
Financial assets
Financial assets are de-recognised from the balance sheet when:
– the rights to cash flows have expired
– the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.
In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.
Financial liabilities
Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.
Gains and losses on the derecognition of non-trading related financial assets and liabilities are recognised as other income or expense disclosed as part of other operating income and expenses.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

ix) Financial instruments (continued)

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. Where the modification results in de-recognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recorded in other income.

For financial instruments measured at amortised cost, and for financial assets measured at fair value through OCI, when the modification does not result in derecognition, a gain or loss is recognised in other income as the difference between the financial instrument's original contractual cash flows and the modified cash flows discounted at the original EIR.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

(i) how the performance of the financial assets held within that business model are evaluated and reported to the to the Macquarie Group's key management personnel;

(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to financial assets.

Solely payment of principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and

(iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL).

Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and charges.

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading (held for trading or 'HFT'). This classification includes all derivative financial assets
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL)
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows or financial assets that fail the SPPI test (FVTPL).

Changes in the fair value of HFT financial instruments are recognised in net trading income. Changes in the fair value of financial assets that are DFVTPL and FVTPL are recognised as part of other operating income and charges.

The interest component of financial assets that are classified as HFT, DFVTPL and FVTPL are recognised in interest income.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

ix) Financial instruments (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either held for trading purposes, in which case they are classified as HFT, or have been designated to be measured at FVTPL (DFVTPL).

All derivative liabilities are classified as HFT.

Gains and losses arising from the derecognition of financial liabilities that are subsequently measured on an amortised cost basis are recognised in the profit and loss account. The changes in fair value of financial liabilities that are classified as HFT are recognised in the profit and loss account. Changes in the fair value of financial liabilities that are classified as DFVTPL are recognised in the profit and loss account. The interest component of financial liabilities that are classified as HFT or DFVTPL is recognised in interest expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

x) Derivative instruments

Derivative instruments entered into by the Company include interest rate swaps. These derivative instruments are principally used for cash flow hedging on loan interest.

All derivatives, including those held for hedging purposes, are classified as HFT. Derivatives are recognised in the balance sheet as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Fair values are obtained from quoted market prices in active markets including recent market transactions, and valuation techniques including discounted cash flow models and option pricing models, as appropriate.

The best evidence of a derivative's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profit or loss immediately when the derivative is recognised.

Hedge accounting

In the past, the Company has designated certain derivatives or financial instruments as hedging instruments in qualifying hedge relationships. On initial designation of the hedge, the Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging relationships will continue to be highly effective. The ones that had been designated in the past no longer meet the requirements for hedge accounting and the historic hedge reserve is now being amortised in line with the financial instrument.

Cash flow hedges

For a derivative or financial instrument designated as hedging the variability in cash flows attributable to a particular risk associated with a recognised asset or liability (or a highly probable forecast transaction), the gain or loss on the derivative or financial instrument associated with the effective portion of the hedge is initially recognised in the cash flow hedging reserve through OCI and subsequently released to the profit and loss account when the hedged item affects the profit and loss account. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the profit and loss account under net trading income. During the year ended 31 March 2016, the hedges were de-designated. As a result, the cash flow hedging reserve is being amortised to the profit and loss account in line with the loan profile, together with the associated deferred tax.

xi) Loans and receivables

Loans and receivables includes loan assets held at amortised cost and amounts due from related entities, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

xii) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

xiii) Tangible assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs) less, where applicable, accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the asset. Tangible assets include assets leased out under operating leases.
Depreciation on all assets is calculated on a straight-line basis to allocate the difference between cost and residual values over their estimated useful lives, as follows:

Installed Meters: depending upon the terms of the contract that the meter is being leased under, the useful lives are between 10 and 20 years or to December 2020.

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in light of commercial and technological developments. Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the profit and loss account.

xiv) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

xv) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

xvi) Bank borrowings

Bank borrowings includes loans and other payables due to banks and financial institutions. These balances are subsequently measured at amortised cost using the EIR method. Borrowings are recognised initially at fair value, net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

xvii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.
Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(ii) Stage II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.
Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.
Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

xvii) Impairment (continued)

Expected credit losses (continued)

(iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI.

Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

(iv) Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired (POCI) financial assets are initially recognised at fair value with interest income subsequently determined using a credit-adjusted EIR. The credit-adjusted EIR is the EIR adjusted for expected credit losses on initial recognition. The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FLI or by discounting the difference between the contractual and expected cash flows from the individual exposure using the credit-adjusted EIR, with increases and decreases in the measured ECL from the date of origination or purchase being recognised in profit and loss account as either an impairment gain or loss.

The loss allowances for ECL are presented in the balance sheet as follows:

• Loan assets, loans to related body corporate entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount

• Loan assets, loan to associates and joint ventures, and debt financial investments measured at fair value through OCI – as a reduction in the OCI reserve account under equity. The carrying amount of the asset is not adjusted as it is recognised at fair value

• Lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount

• Undrawn credit commitments – as a provision included in other liabilities.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Prior to the adoption of IFRS 9, credit impairment provisions were recognised on an incurred loss basis. Key differences included:

- an impairment loss was recorded where there was objective evidence of impairment as a result of one or more events (loss event) which had an impact on the estimated future cash flows of the financial asset that could be reliably estimated
- where the credit risk of an exposure had deteriorated but there was no objective evidence of impairment, no credit impairment was required to be recognised
- forward looking or macroeconomic information was not required to be incorporated into the determination of the credit impairment loss
- credit impairments were only required to be recognised for on-balance sheet exposures.

Credit impairments were calculated on the basis of the difference between the exposure's carrying value and the present value of expected future cash flows, discounted using the original EIR.

Impairment of tangible assets

For installed meters an assessment is made at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

xviii) Leases

Determine whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Arrangement where the Company is lessor

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases.

Finance lease

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets. The difference between the gross receivable and the present value of the receivable is unearned interest income. Lease receipts are discounted using the interest rate implicit in the lease. Lease income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return.

Operating lease

Where the Company is the lessor under an operating lease, the underlying asset is carried at cost and depreciated over their useful lives which vary depending on each class of asset and range from 2 to 20 years (Note 2 (xii) Tangible assets). Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in Installed meters.

xix) Called up share capital

Ordinary shares and other similar instruments are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

xx) Cash at bank

Cash at bank comprises call deposits with qualifying financial institutions.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after (crediting)/charging:	2019 £000	2018 £000
Operating lease income	(12,917)	(14,792)
Finance lease income	(235)	(385)
Foreign exchange losses/(gains)	-	(2)
Depreciation charges - tangible assets	4,562	4,413
Inventory recognised as an expense	650	791
Credit impairment charges[1]		
Debtors	278	-
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	39	39

[1]The change in expected credit losses relating to financial assets under IFRS 9 is recorded under Credit impairment charges. Individual and collective provisions for March 2018 remain in accordance with IAS 39 and have not been restated.

The Company had no employees during the current and previous financial year.

Note 4. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from unrelated parties	54	14
Total interest receivable and similar income	54	14

Note 5. Interest payable and similar charges

	2019 £000	2018 £000
Interest payable to other Macquarie Group undertakings	239	239
Interest payable to unrelated parties	17	1,448
Amortisation of initial finance costs	54	85
Other related charges paid to third parties	38	37
Total interest payable and similar charges	348	1,809

Included within interest payable to unrelated parties is £612,000 (2018 : £1,359,000) representing the recycling of the cash flow hedge reserve to the profit and loss account, following the discontinuation of hedge accounting in a prior year.

Note 6. Taxation

i) Tax expense included in profit

	2019 £000	2018 £000
Current tax		
UK corporation tax at 19% (2018: 19%)	2,670	2,877
Adjustment in respect of previous periods	-	-
Total current tax	2,670	2,877
Deferred tax		
Origination and reversal of temporary differences	(826)	(852)
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	87	90
Total deferred tax	(739)	(762)
Tax on profit on ordinary activities	1,931	2,115

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 6. Taxation (continued)

ii) Reconciliation of effective tax rate

The income tax expense for the year ended 31 March 2019 is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	9,708	10,660
Current tax charge at 19% (2018: 19%)	1,844	2,025
Effect of:		
Adjustment in respect of previous periods	-	-
Non deductible expenses	-	-
Effect of rate change	87	90
Total tax on profit on ordinary activities	1,931	2,115

The tax rate for the current year is the same as the prior year. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the UK where the company operates and generates taxable income. The UK corporation tax rate is 19% for the current year, and will reduce to 17% from 1 April 2020. Deferred tax has been measured at 17%.

iii) Tax expense relating to items of other comprehensive income

	2019 £000	2018 £000
Deferred tax arising in other comprehensive income	116	258
Rate change in other comprehensive income	(12)	(27)
Total tax expense relating to items of other comprehensive income	104	231

(iv) Deferred tax comprises timing differences attributable to:

	2019 £000	2018 £000
Deferred tax assets		
Financial instruments & revaluations	(74)	(227)
Total deferred tax assets	(74)	(227)
Deferred tax liabilities		
Accelerated capital allowances	3,053	3,841
Total deferred tax liabilities	3,053	3,841
Deferred tax	2,979	3,614

(v) Reconciliation of the Company's movement in deferred tax

	2019 £000	2018 £000
Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	227	485
Temporary differences:		
Deferred tax charged to profit and loss account for the year	(182)	(30)
Effect of changes in tax rates	6	3
Rate change in other comprehensive income	12	27
Deferred tax charged to other comprehensive income	(116)	(258)
Transfer from deferred tax asset to deferred tax liability	127	-
Balance at the end of the financial year	74	227

Notes to the financial statements (continued) for the financial year ended 31 March 2019

Note 6. Taxation (continued)

(v) Reconciliation of the Company's movement in deferred tax (continued)

	2019 £000	2018 £000
Reconciliation of the Company's movement in deferred tax liabilities:		
Balance at the beginning of the financial year	3,841	4,630
Timing differences:		
Amounts credited to the profit and loss account	(1,008)	(882)
Effect of changes in tax rates	93	93
Transfer from deferred tax asset to deferred tax liability	127	-
Balance at the end of the financial year	3,053	3,841

The majority of the above amounts are expected to be recovered after 12 months of the balance date by the Company.

Note 7. Tangible assets

	Installed Meters £000	Total £000
Cost		
At 1 April 2018	65,251	65,251
Transfer to stock	(8,424)	(8,424)
At 31 March 2019	56,827	56,827
Accumulated depreciation		
At 1 April 2018	40,692	40,692
Charge for the year	4,562	4,562
Transfer to stock	(5,714)	(5,714)
At 31 March 2019	39,540	39,540
Net book value		
At 31 March 2019	17,287	17,287
At 31 March 2018	24,559	24,559

Assets with a cost of £56,827,000 (2018: £65,251,000) and net book value of £17,287,000 (2018: £24,559,000) are held for use in operating lease arrangements. The future minimum lease payments under these leases is deemed to be one day's rental due to the ability of individual households, where the meters are located, to churn to a different energy supplier.

Notes to the financial statements (continued) for the financial year ended 31 March 2019

Note 8. Debtors

	2019 £000	2018 £000
Due within one year:		
Trade Debtors	**1,889**	2,510
Net investment in finance leases	**967**	1,027
Amounts owed from other Macquarie Group undertakings	**104**	113
Prepayments and accrued income	**2,186**	2,064
Total debtors due within one year	5,146	5,714

Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment.

	2019 £000	2018 £000
Due after one year:		
Net investments in finance leases	**401**	1,510
Total debtors due after more than one year	**401**	1,510

Finance lease receivables
Meters which are installed for energy suppliers under contractual arrangements which transfer to them the risks and rewards of ownership are treated as finance leases.

			2019			2018
	Gross investment in finance lease receivables £000	**Unearned interest income £000**	**Present value of minimum lease payments receivable £000**	Gross investment in finance lease receivables £000	Unearned interest income £000	Present value of minimum lease payments receivable £000
Not later than one year	**1,073**	**(106)**	**967**	1,275	(248)	1,027
Later than one year and no later than five years	**409**	**(8)**	**401**	1,706	(196)	1,510
Total finance lease receivables	**1,482**	**(114)**	**1,368**	2,981	(444)	2,537

Rentals received during the year under finance leases amounted to £1,209,000 (2018: £1,324,000).
The cost of assets acquired during the year for onward finance leasing was £nil (2018: £nil).

Note 9. Cash at bank

	2019 £000	2018 £000
Cash at bank	**8,669**	8,418
Total cash at bank	**8,669**	8,418

Notes to the financial statements (continued) for the financial year ended 31 March 2019

Note 10. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Bank Loans	4,800	7,572
Other Loans to Macquarie Group undertakings	1,451	1,451
Trade creditors	115	74
Accruals	93	109
Derivative financial instruments	483	827
VAT Payable	582	666
Taxation	6,953	4,283
Amounts owed to other Macquarie Group undertakings	2,224	1,952
Other creditors	701	1,354
Total creditors: amounts falling due within one year	17,402	18,288

Bank Loans comprise long-term senior and mezzanine debts. These debts have been hedged for the life of the loan by way of fixed interest rate swaps at 5.38% (2018: 5.38%) and 5.34% (2018: 5.34%) respectively.

The bank loans are secured by a fixed charge over assets of the Company.

Other loans comprise subordinated unsecured variable rate perpetual loan notes issued to Capital Meters Holdings Limited. Subject to certain conditions the loan notes will bear interest up to 16.5% per annum.

Amounts due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment.

Note 11. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Bank Loans	3,002	7,987
Less issue costs	(35)	(88)
Derivative financial instruments	1,134	2,361
Total creditors: amounts falling due after more than one year	4,101	10,260

Bank Loans comprise long-term senior and mezzanine debts. These debts have been hedged for the life of the loan by way of fixed interest rate swaps at 5.38% (2018: 5.38%) and 5.34% (2018: 5.34%) respectively.

The bank loans are secured by a fixed charge over assets of the Company.

Analysis of Debt:

	2019 £000	2018 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	6,251	9,023
Between one and two years	3,002	4,800
Between two and five years	-	3,187
Total debt issued at amortised cost	9,253	17,010

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 12. Provisions for liabilities

	2019 £000	2018 £000
Deferred tax (Note 6)	2,979	3,614
Total provisions for liabilities	**2,979**	3,614

The majority of the above amounts are expected to be settled after 12 months of the reporting date by the Company

Note 13. Called up share capital

	2019 Number	2018 Number	2019 £000	2018 £000
Ordinary shares of £1 each				
Opening balance of fully paid ordinary shares	50,000	50,000	50	50
Closing balance of fully paid ordinary shares	**50,000**	50,000	**50**	50

Note 14. Other reserves and profit and loss account

	2019 £000	2018 £000
Cash flow hedging reserve		
Balance at the beginning of the financial year	(866)	(1,994)
Transfer to profit and loss account on realisation, net of tax	508	1,128
Balance at the end of the financial year	(358)	(866)

During the year ended 31 March 2016, the hedges were de-designated. As a result, the cash flow hedging reserve is being amortised to the profit and loss account in line with the loan profile, together with the associated deferred tax.

	2019 £000	2018 £000
Profit and loss account		
Balance at the beginning of the financial year	8,855	9,123
Change on initial application of IFRS 9 (Note 2)	(2)	-
Restated balance as at 1 April 2018	8,853	9,123
Profit for the financial year	7,777	8,545
Dividends paid on ordinary share capital (note 16)	(9,301)	(8,813)
Balance at the end of the financial year	7,329	8,855

Note 15. Dividends

	2019 £000	2018 £000
Dividends paid		
Dividends paid (£186.02 per share (2018 : £176.26 per share))	9,301	8,813
Total dividends paid (Note 15)	9,301	8,813

Note 16. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 20.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 17. Directors' remuneration
During the financial years ended 2019 and 2018, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Note 18. Contingent liabilities and commitments
The Company has no contingent liabilities or commitments which are individually material or a category of contingent liabilities or commitments which are material.

Note 19. Derivative financial instruments
Objectives of holding and issuing derivative financial instruments
The Company uses derivatives for asset and liability management. Certain derivative transactions may qualify as cash flow hedges, if they meet the appropriate strict hedge criteria outlined in note 2(x) – Hedge accounting:

Cash flow hedges: The Company is exposed to volatility in future interest cash flows arising from floating rate issued debt used to fund fixed rate asset positions. The aggregate principal balances and interest cash flows across these portfolios form the basis for identifying the non-trading interest rate risk of the Company, which is hedged with interest rate swaps. During the year ended 31 March 2016, the hedges were de-designated. As a result, the cash flow hedging reserve is being amortised to the profit and loss account in line with the loan profile, together with the associated deferred tax. At 31 March 2019, the fair value of outstanding derivatives held by the Company was £1,618,000 negative value (2018: £3,188,000 negative value).

The types of derivatives which the Company trades and uses for hedging purposes are Swaps.

Swaps: Swap transactions provide for two parties to swap a series of cash flows in relation to an underlying principal amount, usually to exchange a fixed interest rate for a floating interest rate. Cross-currency swaps provide a tool for two parties to manage risk arising from movements in exchange rates.

Note 20. Ultimate parent undertaking
At 31 March 2019, the immediate parent undertaking of the Company is Capital Meters Holdings Limited.
The ultimate parent undertaking and controlling party of the Company, is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Bank Limited ("MBL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MBL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000 Australia.

Note 21. Events after the reporting year
There were no material events subsequent to 31 March 2019 that have not been reflected in the financial statements.