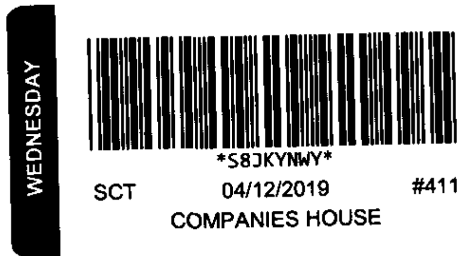
GREEN INVESTMENT GROUP MANAGEMENT LIMITED

COMPANY NUMBER SC460459

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



COMPANIES HOUSE
EDINBURGH

04 DEC 2019

FRONT DESK

The Company's registered office is:
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

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

In accordance with a resolution of the Directors (the "Directors") of Green Investment Group Management Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and Directors' Report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act for the preparation of a Strategic Report.

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:

Leigh P Harrison
Arthur Rakowski
David P Tilstone
James C Dyckhoff
Philip Hogan

The Secretaries who each held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

Helen L Everitt
Dominic Tan

Principal activities

The Company is regulated by the Financial Conduct Authority ("FCA") and also holds an Alternative Investment Fund Managers Directive ("AIFMD") license. The principal activity of the Company during the financial year ended 31 March 2019 is to undertake fund management and advisory activities for the following (collectively the Offshore Wind Fund, "OSWF" or the "Fund");

- UK Green Investment Bank Offshore Wind Fund L.P.
- UK Green Investment Offshore Wind Fund B L.P.
- UK Green Investment Offshore Wind Fund C L.P.
- UK Green Investment Offshore Wind Fund Co-invest L.P.

The Fund is mandated to invest in operating offshore wind projects in the UK.

Results

The profit for the financial year ended 31 March 2019 was £4,246k (2018: £3,104k).

Dividends paid or provided for

Dividends of £3,000k (2018: £0) were provided for and paid during the financial year.

State of affairs

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

Events after the reporting year

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

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

Indemnification and insurance of Directors
As permitted by the 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.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the 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 period. 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 the 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

Director

1 July 2019

David Tilstone

Independent auditors' report to the members of Green Investment Group Management Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Green Investment Group Management 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 Directors' Report and Finance Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2019; the Profit and loss account, 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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.

Independent auditors' report to the members of Green Investment Group Management Limited

Reporting on other information (continued)

Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 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 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 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
1| July 2019

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

	Note	2019 £'000	2018 £'000
Turnover	3	9,204	9,454
Operating expenses	4	(3,795)	(5,433)
Operating profit		5,409	4,021
Interest payable and similar expenses	5	(152)	(183)
Profit on ordinary activities before taxation		5,257	3,838
Tax on profit on ordinary activities	6	(1,011)	(734)
Profit for the financial year		4,246	3,104

The above Profit and loss account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

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 periods. 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.

There were no other comprehensive income and expenses other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

Balance sheet
as at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	8	**4,019**	5,369
Investment in subsidiaries	9	**-**	-
Current assets			
Cash and cash equivalents	10	**17,158**	6,137
Debtors	11	**275**	5,414
Current liabilities			
Creditors: amounts falling due within one year	12	**(8,030)**	(5,160)
Net current assets		**9,403**	6,391
Total assets less current liabilities		**13,422**	11,760
Creditors: amounts falling due after more than one year	13	**(437)**	-
Net assets		**12,985**	11,760
Capital and reserves			
Called up share capital	14	**8,010**	8,010
Profit and loss account		**4,975**	3,750
Total shareholders' funds		**12,985**	11,760

The above Balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

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 periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

The financial statements on pages 6 to 20 were approved by the Board of Directors on 1 July 2019 and were signed on its behalf by:

Director

David Tilstone

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

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 31 March 2017	3,010	646	3,656
Profit for the financial year	-	3,104	3,104
Issue of 5,000,000 ordinary share capital	5,000	-	5,000
Balance at 31 March 2018	**8,010**	**3,750**	**11,760**
Change on initial application of IFRS 9		(21)	(21)
Balance at 1 April 2018	**8,010**	**3,729**	**11,739**
Profit for the financial year	-	4,246	4,246
Dividends paid	-	(3,000)	(3,000)
Balance at 31 March 2019	**8,010**	**4,975**	**12,985**

The above Statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

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 periods. 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. General information

The Company is a private company limited by shares and is incorporated and domiciled in the UK and registered in Scotland. The address of its registered office is 50 Lothian Road, Festival Square, Edinburgh, United Kingdom, EH3 9WJ.

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 Company directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("MGL"), a company incorporated in Australia.

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").

In accordance with FRS 101 the Company has availed of an exemption from the following requirements of IFRS:

- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- 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); and
- 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.

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:

- determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI test);
- calculation 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;
- amortisation period of the intangible asset

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

Management believes the estimates used in preparing the financial report 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 our assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

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

Note 2. Summary of significant accounting policies (continued)

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") for accounting periods starting after 1 January 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets s 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 a transition adjustment to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of IFRS 9's classification and measurement, and impairment.

The transition adjustment does not have a material impact and resulted in a reduction of the Company's shareholder's funds by £21k after tax, and this has not materially impacted the Company's minimum regulatory capital requirements.

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 current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

The Company adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. On conclusion of the transition project, no material adjustment to opening retained earnings was 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. The Company, however, has prospectively presented certain amounts of expenses, which were previously presented on a net basis within turnover, on a gross basis in terms of IFRS 15 within turnover and operating expenses.

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) Turnover and expense recognition

Turnover

Turnover earned by the Company from its contracts with customers primarily consists of asset management services. Base management fees are recognised over the life of the contract as the asset management services are provided

Any associated performance fees are deemed to be a variable component of the same asset management service and are recognised only when it is highly probable that the performance hurdles are met, and a significant reversal of cumulative fees recognised to date will not occur. Determining the amount and timing of performance fees to be recognised involves judgement, the use of estimates and consideration of the nature of underlying fund assets and potential for volatility of investment returns.

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

Note 2. Summary of significant accounting policies (continued)

iii) Turnover and expense recognition (continued)

Net interest income/expense

Interest income and interest expense are brought to account using the effective interest rate method (EIR) for loan assets and other 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.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit-impaired (POCI). Interest income on these assets is determined using a credit-adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit-impaired, is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

Interest income on financial assets and liabilities that are classified as fair value through profit and loss "FVTPL" is accounted for on a contractual rate basis.

Prior to the adoption of IFRS 9, interest income on financial assets that were measured at amortised cost (being loans and receivables and held to maturity financial assets) or classified as available for sale, was recognised in accordance with the EIR method. There was no specified accounting treatment under IAS 39 for financial assets that are now classified as POCI. These assets were accounted for on a consistent basis as other financial assets that were measured at amortised cost.

Operating expenses

Operating expenses include ECL movements on financial instruments, charges from Macquarie Group entities for advisory and consultancy and other expenses.

Expenses are recorded on a matching principal basis as and when the provision of services is received.

iv) 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 against which to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences 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 in OCI are also recognised in OCI.
The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are recoverable.

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.

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

Note 2. Summary of significant accounting policies (continued)

v) 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 transaction costs (in the case of instruments not carried at FVTPL) that are incremental and directly attributable to the acquisition or issuance of the financial instrument.

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.

Classification and subsequent measurement

Financial assets

On initial recognition the Company categorises financial assets as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or FVTPL. The classification is based on both the business model under which the financial assets is managed, and its contractual cash flows.

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:
- how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's key management personnel;
- 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
- 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:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- 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.

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

Note 2. Summary of significant accounting policies (continued)

v) Financial instruments (continued)

Fair value through profit or loss

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.

Equity financial assets are measured at FVTPL.

Reclassification of financial instruments

The Company reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial instrument's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Prior to the adoption of IFRS 9, the Company's financial assets were classified into the following category:

- Loans and receivables: being receivables and amounts due from subsidiaries that were non-derivative financial assets with fixed or determinable payments and that were not quoted in an active market. The measurement and recognition of gains and losses of such assets aligns with that for financial assets classified as at amortised cost in terms of IFRS 9

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).

vi) Investments

Investments in subsidiaries

Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with IAS 27 Separate Financial Statements. Subsidiaries are all those entities over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The Company has power over an entity when it has existing substantive rights that give it the current ability to direct the entity's relevant activities. Relevant activities are those activities that significantly affect the entity's returns. The Company evaluates whether it has the power to direct the relevant activities. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates whether it has exposure or rights to variable returns that, in aggregate, are significant. All variable returns are considered including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

vii) Due to/ from related entities

Transactions between the Company and its related entities, including its parent and subsidiaries, principally arise from the granting of loans and funding and are measured at amortised cost

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

Note 2. Summary of significant accounting policies (continued)

viii) Intangible assets

Placement fees paid to third party advisers for sourcing investor assets for the OSWF are incremental costs attributable to securing an investment management contract and are capitalised at fund close and released to the income statement over their useful economic life. Intangible assets represent the unamortised proportion of placement fees and are amortised over their useful life, which is considered to be from the OSWF's first close date to March 2022, the 7th anniversary of the launch of the OSWF. The amortisation charge is included within operating expenses in the profit and loss account.

ix) Impairment

Expected credit losses

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers as defined in IFRS 15, 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. 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 used. 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:

- Stage 1 – Twelve 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 twelve 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.

- *Stage 2 – 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.

- Stage 3 – Lifetime ECL credit-impaired:

Financial assets are classified as stage 3 where they are determined to be credit impaired. This includes exposures that are at least ninety 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.

- 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.

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

Note 2. Summary of significant accounting policies (continued)

ix) Impairment (continued)

Expected credit losses (continued)

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 loan asset or debt financial investment and all possible collateral has been realised, financial assets are 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 investments in subsidiaries

Investments in subsidiaries in Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount (which is the higher of fair value less costs to sell and value in use). At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment.

Impairment of intangible assets

Intangible assets with indefinite lives (goodwill and certain intangible assets) are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For intangible assets that have a finite useful life and property, plant and equipment, 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).

Intangible assets (other than goodwill) for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date.

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

Note 2. Summary of significant accounting policies (continued)

x) Performance based remuneration

Share based payments

The ultimate parent entity, MGL, operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans. The Company recognises an expense and a corresponding increase in liability in case of awards granted to employees. The awards are measured at the grant dates based on their fair value and using the number of equity instruments expected to vest. This amount is recognised as an expense over the respective vesting periods.

Performance hurdles attached to Performance Share Units (PSUs) under the MEREP are not taken into account when determining the fair value of the PSUs at grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest.

Profit share remuneration

The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

xi) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with qualifying financial institutions.

xii) Called up share capital

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

xiii) Rounding of amounts

All amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand pound sterling (£'000) unless otherwise indicated.

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

Note 3. Turnover

The Company's main source of income is fees for the management of the OSWF. These fees are driven by agreed percentages of drawn and undrawn commitments of the Fund.

Note 4. Operating expenses

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation is stated after charging:		
Wages and salaries	**1,921**	2,150
Social security costs	**111**	123
Staff costs	**2,032**	2,273
Amortisation of intangible assets	**1,350**	1,350
Fees payable to the Company's auditors for audit services	**32**	29
Management fees	**184**	1,571
Professional fees	**3**	156
Other administration expenses	**176**	54
Movement in expected credit loss	**19**	-
Total	**3,795**	5,433

The Company had an average of 5 employees during the year (2018: 5).

Note 5. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable to related parties	**152**	163

Note 6. Tax on profit on ordinary activities

Analysis of tax charge for the year:	2019 £'000	2018 £'000
Current Tax		
UK Corporation tax at 19% (2018: 19%)	**1,065**	769
Adjustments to tax in respect of prior years	**8**	-
Total current tax	**1,073**	769
Deferred tax		
Origination and reversal of temporary differences	**(63)**	(39)
Adjustments in respect of prior years	**(6)**	-
Effect of changes in tax rates	**7**	4
Total deferred tax	**(62)**	(35)
Tax on profit on ordinary activities	**1,011**	734

The income tax expense for the period is higher to the standard rate of corporation tax in the UK i.e. 19% (2018: 19%). The composition of total tax expense is explained below.

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

Note 6. Tax on profit on ordinary activities (continued)

Reconciliation of effective tax rate	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	5,257	3,838
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	997	730
Effect of:		
Adjustment to tax charge in respect of previous periods	3	-
Non deductible expenses	4	-
Deferred tax asset at different tax rate	7	4
Total income tax	1,011	734

The UK corporation tax rate will reduce to 17% from 1 April 2020.

Note 7. Deferred income tax assets/(liabilities)

	2019 £'000	2018 £'000
The balance comprises temporary differences attributable to:		
Employment - MEREP	22	35
Employment - Profit share	72	-
Employment - Leave provisions	4	-
Total deferred income tax assets	98	35
Reconciliation of the Company's movement in deferred tax		
Balance at the beginning of the financial year	35	-
Temporary differences:		
Adjustment in respect of previous periods	6	-
Deferred tax charged to the profit and loss account for the period	63	39
Effect of changes in tax rates	(7)	(4)
Total income tax	97	35

Note 8. Intangible assets

	2019 £'000	2018 £'000
Intangible asset[1]	4,019	5,369

[1]Amortisation of £1,350k has been charged in the period (2018:£1,350k).

Note 9. Investment in subsidiaries

	2019	2018
Investments at cost	1	1

Name of investment	Nature of business	Country of incorporation	2019 % ownership	2019 £	2018 £
UK Green Investment (OSW) GP Limited	General Partner	[1]United Kingdom	100	1	1

[1]The registered address is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

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

Note 10. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank	2,000	6,137
Receivable from financial institutions[1]	15,158	-
Total Cash and cash equivalents	17,158	6,137

[1]At the reporting date, amounts receivable from financial institutions has an ECL allowance of £40k which is presented net against the gross carrying amount.

Note 11. Debtors

	2019 £'000	2018 £'000
Debtors and prepayments	-	14
Tax receivables	97	35
Amounts owed by other Macquarie Group Undertakings[1]	151	5,362
Others	27	3
Total debtors	275	5,414

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and during the year to 31 March 2019 the rate applied ranged between 2.41% and 2.52% (2018: rate applied ranged between 2.73% and 2.74%).

Note 12. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Accruals and deferred income	(916)	(1,097)
Taxation	(1,066)	(767)
Amounts owed to other Macquarie Group Undertakings[1]	(6,023)	(3,054)
Other financial liabilities	(7)	(208)
Other creditors	(18)	(34)
Total creditors amounts falling due within one year	(8,030)	(5,160)

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and during the year to 31 March 2019 the rate applied ranged between 2.41% and 2.53% (2018: rate applied ranged between 2.73% and 2.74%).

Note 13. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Other financial liabilities	(437)	-
Total creditors amounts falling due after more than one year	(437)	-

Note 14. Called up share capital

	2019 Number of shares	2018 Number of shares	2019 £'000	2018 £'000
Ordinary share capital				
Fully paid ordinary shares of £1 each	*8,010,000*	*8,010,000*	*8,010*	*8,010*

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

Note 15. 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 18.

The Company does not have any related party transactions or balances other than those with entities within the group mentioned above.

Note 16. Directors' remuneration

The non-executive directors who were in place until 17th August 2017 were paid an annual fee of £10,000 for their services. The Company did not pay any pension contributions on their behalf. During the financial year 31 March 2018, the following amounts were paid to non-executive directors:

	2019	2018
	£'000	£'000
Rosamund E Blomfield Smith	-	4
Anthony C Marsh	-	4
Richard Squires	-	4
Directors' Remuneration	-	12

All executive directors were paid by other group entities. The current 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 remuneration accurately across all these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed.

Note 17. Contingent liabilities and commitments

The Company has no commitments or contingent assets/liabilities which are individually material or a category of commitments or contingent liabilities which are material.

Note 18. Ultimate parent undertaking

At 31 March 2019 the immediate parent undertaking of the Company is UK Green Investment Bank 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 19. Events after the reporting year

There were no other material events subsequent to 31 March 2019 that have not been reflected in the financial statements.