Utility Metering Services Limited
COMPANY NUMBER 03705740

Directors' Report and Financial Statements
for the financial year ended 31 March 2020

MACQUARIE

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

Utility Metering Services Limited

2020 Directors' Report and Financial Statements

Contents

Directors' Report
for the financial year ended 31 March 2020
Company Number 03705740

In accordance with a resolution of the directors ("the Directors") of Utility Metering Services Limited ("the Company"), the Directors submit herewith the audited financial statements of the Company and 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) 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:
N Denley (appointed 23 March 2020)
J Liddy
S Mackie
L Tricarico (resigned 23 March 2020)

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

Principal activities
The principal activity of the Company during the financial year ended 31 March 2020 was acting as agent in relation to meters it previously owned. The nature of the Company's ongoing activities is currently under review. The Company operates under the trading name 'OnStream'.

Results
The loss for the financial year ended 31 March 2020 was £81,000 (2019: £90,000 loss).

Dividends
No dividends were paid or provided for during the current financial year (2019: £nil). No final dividend has been proposed.

State of affairs
There were no 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.

Review of operations
The loss for the financial year ended 31 March 2020 was £81,000, a decrease of 10 percent from the loss of £90,000 in the previous year.

Net operating loss for the year ended 31 March 2020 was £15,000, an increase of 36 percent from the operating loss of £11,000 in the previous year.

As at 31 March 2020, the Company had net assets of £794,000 (2019: £875,000).

Directors' Report (continued)
for the financial year ended 31 March 2020

Events after the reporting date
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 2020 not otherwise disclosed in this report.

Likely developments, business strategies and prospects
Coronavirus ("COVID-19")
COVID 19, which is a respiratory illness caused by a new virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID 19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

A robust risk management framework continues to be applied and RMG continues to monitor the impact of COVID 19 on the Company's risk profile. Non-financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Company's risk management framework. The Company is not subject to a material impact with respect to COVID-19, refer to the accounting considerations on the Company's results disclosed in Note 2.

Brexit
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 UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which lasted until 31 December 2020. On 24 December 2020, the United Kingdom and the EU reached agreement on a number of areas relating to their future relationship. This agreement generally did not address financial services, and the nature of the future financial services regime between the UK and EU remains subject to ongoing engagement between the parties. The Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

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

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.

Directors' Report (continued)
for the financial year ended 31 March 2020

Statement of Directors' responsibilities in respect of the financial statements (continued)

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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

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. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the Board

Neil Denley
Director
29 January 2021

Independent auditors' report to the members of Utility Metering Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Utility Metering Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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 Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the profit and loss account 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

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

Reporting on other information

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

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

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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, 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 in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
29 January 2021

Financial Statements

Profit and loss account
for the financial year ended 31 March 2020

	Note	2020 £000	2019 £000
Administrative expenses	3	(15)	(11)
Operating loss		(15)	(11)
Loss on ordinary activities before interest and taxation		(15)	(11)
Interest receivable and similar income	4	223	502
Interest payable and similar expense	5	(308)	(603)
Net impairment gains on financial assets	3	-	1
Loss on ordinary activities before taxation	3	(100)	(111)
Tax on loss on ordinary activities	6	19	21
Loss for the financial year	11	(81)	(90)

The above profit and loss account should be read in conjunction with the accompanying notes on pages 10 to 19, which form an integral part of the financial statements.

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 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors	7	**13,872**	15,039
Cash at bank	8	**724**	610
		14,596	15,649
Current liabilities			
Creditors: amounts falling due within one year	9	**(13,802)**	(14,774)
Net current assets		**794**	875
Total assets less current liabilities		**794**	875
Net assets		**794**	875
Shareholders' funds			
Called up share capital	10	**100**	100
Profit and loss account	11	**694**	775
Total shareholders' funds		**794**	875

The above balance sheet should be read in conjunction with the accompanying notes on pages 10 to 19, which form an integral part of the financial statements.

The financial statements of Utility Metering Services Limited, registered number 03705740, on pages 7 to 19 were authorised for issue by the Board of Directors on 29 January 2021 and were signed on its behalf by:

Neil Denley
Director

29-01-21

Statement of changes in equity
for the financial year ended 31 March 2020

	Note	Called up share capital £000	Profit and loss account[1] £000	Total shareholders' funds £000
Balance at 1 April 2018		**100**	**865**	**965**
Loss for the financial year		-	(90)	(90)
Total comprehensive expense		-	(90)	(90)
Balance at 31 March 2019	11	**100**	**775**	**875**
Loss for the financial year		-	(81)	(81)
Total comprehensive expense		-	(81)	(81)
Balance at 31 March 2020	11	**100**	**694**	**794**

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 19, which form an integral part of the financial statements.

[1]The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

Notes to the financial statements
for the financial year ended 31 March 2020

Note 1. Company information
Utility Metering Services Limited ('the Company') acts as an agent in relation to meters it previously owned. The Company operates under the trading name 'OnStream'.

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 are set out below. These policies have been consistently applied to all the financial 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.

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 16 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 requirements in respect of:
  - o Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
  - o 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 between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Notes to the financial statements (continued) for the financial year ended 31 March 2020

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 compliance 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:

- estimates in recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (note 6).

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 this financial report are reasonable. Actual results in the future may differ from those reported and it is therefore 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 in future reporting periods.

Coronavirus (COVID-19) impact

Background

The onset of COVID-19 resulted in the application of further judgement within identified risk areas discussed further below,and given the dynamic and evolving nature of COVID-19 management keep this under regular review. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Processes applied

As a consequence of COVID 19 and in preparing these financial statements, management:

- re evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward looking information, but also for input into the impairment analysis of financial and non financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID 19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID 19; and
- considered the impact of COVID 19 on the Company's financial statement disclosures.

Consideration of the impact on the financial statements and further disclosures

No key financial statement items and related disclosures have been materially impacted by COVID-19.

New Accounting Standards and amendments to Accounting Standards that are either effective in the current financial year or have been early adopted

The new accounting Standard IFRS 16 Leases, amendments to accounting Standards IAS 23 Borrowing costs and IAS 19 Employee benefits; and IFRS 23 Interpretation 23 Uncertainty over Income Tax Treatment that are effective for the year ended 31 March 2020 did not have a material impact on the Company's financial statements.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

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) Foreign currency translation
Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the Company operates. The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iv) Revenue and expense recognition
Other operating income/expense

Other operating income/expense comprises other gains and losses relating to foreign exchange differences.

Net interest income/expense

Interest income and interest expense are recognised using the effective interest rate (EIR) method for financial assets and financial 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 (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

Expenses

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

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

vi) Taxation
The balance sheet approach to tax effect accounting has 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.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

vi) Taxation (continued)

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 other comprehensive income (OCI) are also recognised in OCI.

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

Factors considered include the ability to offset tax losses within the tax group, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

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 and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities.

Where VAT is not recoverable from tax authorities, it is either capitalised to the balance sheet as part of the cost of the related asset or is recognised in the profit and loss account. Where VAT is recoverable from or payable to tax authorities, the amount is recorded as a separate asset or liability in the balance sheet.

vii) Loans and receivables

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

viii) Debtors

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

ix) 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.

x) Due to/from related entities

Transactions between the Company and related entities principally arise from the provision of banking and other financial services, lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees. Refer to Note 2(iv) Revenue and expense recognition.

Financial assets and financial liabilities are presented net where the offsetting requirements are met, such that the net amount is reported in the balance sheet.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

xi) 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, ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

(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 applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

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.

(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.

(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.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

xi) Impairment (continued)

Presentation of loss allowances

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.

xii) 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.

xiii) 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 2020

Note 3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after (crediting)/charging:	2020 £000	2019 £000
Credit impairment (reversal)		
Debtors	-	(1)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	15	11

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

Note 4. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from other Macquarie Group undertakings	223	502
Total interest receivable and similar income	**223**	**502**

Note 5. Interest payable and similar expense

	2020 £000	2019 £000
Interest payable to other Macquarie Group undertakings	308	603
Total interest payable and similar charges	**308**	**603**

Note 6. Taxation

i) Tax income included in loss

	2020 £000	2019 £000
Current tax		
UK corporation tax at 19% (2019: 19%)	(19)	(21)
Total current tax	**(19)**	**(21)**
Tax on loss on ordinary activities	**(19)**	**(21)**

ii) Reconciliation of effective tax rate

The income tax credit for the year ended 31 March 2020 is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before taxation	(100)	(111)
Current tax credit at 19% (2019: 19%)	19	21
Effect of:		
Non assessable income	-	-
Total tax on loss on ordinary activities	**19**	**21**

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 6. Taxation (continued)

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 main rate for the financial year beginning 1 April 2020 will remain at 19%. This reverses the previously enacted rate change reducing the rate to 17%.

There is no provided or unprovided deferred tax.

Note 7. Debtors

	2020 £000	2019 £000
Trade debtors	6,245	8,399
Income tax receivables	19	21
Amounts owed by other Macquarie Group undertakings	7,580	6,443
Prepayments and accrued income	28	176
Total debtors	**13,872**	15,039

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 at 31 March 2020 the rate applied was LIBOR plus 1.57% (2019: LIBOR plus 1.61%).

At the reporting date, amounts owed by other Macquarie Group undertakings has ECL allowance of £6k (2019: £7k) which is net presented against the gross carrying amount.

Note 8. Cash at bank

	2020 £000	2019 £000
Cash at bank	724	610
Total cash at bank	**724**	610

Note 9. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Taxation	2,473	3,517
Amounts owed to other Macquarie Group undertakings	11,316	11,246
Accruals	13	11
Total creditors: amounts falling due within one year	**13,802**	14,774

Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 1.72% (2019: LIBOR plus 1.61%).

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 10. Called up share capital

	2020 Number	2019 Number	2020 £000	2019 £000
Called up share capital				
Opening balance of fully paid ordinary shares at £0.00037261 per share	268,375,130	268,375,130	100	100
Closing balance of fully paid ordinary shares at £0.00037261 per share	268,375,130	268,375,130	100	100

Note 11. Profit and loss account

	2020 £000	2019 £000
Profit and loss account		
Balance at the beginning of the financial year	775	865
Loss for the financial year	(81)	(90)
Balance at the end of the financial year	694	775

Note 12. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.
The Company's capital management objectives are to:
- ensure sufficient capital resource to support the Company's business and operational requirements;
- safeguard the Company's ability to continue as a going concern.

Periodic reviews of the Company's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital plus reserves.

Note 13. Related party information

During the year, a new Master Loan Agreement (the "MLA") replaced the Omnibus Loan and Deposit Agreement (the "Omnibus"), which contains the key terms for funding and related arrangements between various related body corporate entities which are under the common control of MGL. The MLA clarifies terms including tenor, pricing, settlement and offsetting terms for entities within the group. Substantially all entities which were a party to the Omnibus have acceded to the MLA.

The MLA excludes derivatives, repurchase agreements, broker settlements and stock lending related balances. These, together with certain bespoke lending arrangements, have been presented on a gross basis as at 31 March 2020 and is not comparable with the previous year wherein they have been offset with other balances under the Omnibus.

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 16.

The Company does not have any related party transactions or balances other than those with entities which are 100% controlled by Macquarie Group as mentioned above.

Note 14. Directors' remuneration

During the financial years ended 31 March 2020 and 31 March 2019, 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 meaningful. Accordingly, no separate remuneration has been disclosed.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 15. 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 16. Ultimate parent undertaking
At 31 March 2020, the immediate parent undertaking of the Company is Macquarie Corporate and Asset Finance 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 17. Events after the reporting date
There were no material events subsequent to 31 March 2020 and up until the authorisation of the financial statements for issue, that have not been reflected in the financial statements.