

DIF Infra Yield I UK Limited

Audited financial statements

For the year ended 31 December 2021

FRIDAY



ABDNA86R

A06

30/09/2022

#87

COMPANIES HOUSE

Company number 06756556



DIF Infra Yield I UK Limited

Contents

Contents	Page(s)
Company Information	1
Directors' Report	2–3
Strategic Report	4–5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7–9
Audited Statement of Comprehensive Income	10
Audited Statement of Financial Position	11
Audited Statement of Changes in Equity	12
Notes to the Audited Financial Statements	13–22

DIF Infra Yield I UK Limited

Company Information

Directors: A D Freeman (*resigned 5 March 2021*)
L J Falero (*appointed 5 March 2021*)
DIF Management B.V.

Company Secretary DM Financial Services (UK) Limited

Registered office 2nd floor
16 Stratford Place
Marylebone
London
WC1X 1BF
United Kingdom

Company number 06756556

Banker ABN Amro Bank N.V. UK Branch
5 Aldermanbury Square
London
EC2V 7HR
United Kingdom

Auditors Cohen & Co. Chartered Accountants Limited
59-60 O'Connell Street
Limerick
V94 E95T
Ireland

DIF Infra Yield I UK Limited

Directors' Report

The Directors present the annual report and audited financial statements for the financial year ended 31 December 2021 for DIF Infra Yield I UK Limited (the "Company"). On 23 November 2017, the Company changed its name from DIF Infrastructure II UK Limited to DIF Infra Yield I UK Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of holding investments in subsidiaries and joint ventures. There have not been any significant changes in the Company's principal activities in the year under review.

DIRECTORS

The names of persons who were Directors at any time during the period from 1 January 2021 to the date of this report are set out below:

A D Freeman
DIF Management B.V.
L J Falero

A D Freeman resigned as Director on 5 March 2021. L J Falero was appointed Director on 5 March 2021.

Interests of Directors

The Directors are not aware of any direct shareholding in the share capital of the Company by any Director during the year ended 31 December 2021. The ultimate controlling party of the Company as at 31 December 2021 is considered to be DIF Infrastructure Yield I Coöperatief U.A., an entity incorporated in the Netherlands.

INDEMNIFICATION OF DIRECTORS

The Directors are covered by professional indemnity insurance. No claims have been made under this indemnity in respect of the Company during the year ended 31 December 2021 or since then to the date of this report.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

BUSINESS REVIEW

A review of the Company's business for the year ended 31 December 2021 is addressed in the Strategic Report on page 4.

DIVIDENDS

The Directors have not recommended a dividend (2020: £Nil).

POLITICAL DONATIONS

The Company did not make any political donations during the year (2020: £Nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors have made an assessment of the Company's ability to continue in operation and are satisfied that the Company has the resources to continue in business for the foreseeable future.

DIF Infra Yield I UK Limited
Directors' Report (continued)

AUDIT

The auditors, Cohen & Co., were appointed during the year as the audit exemption for the subsidiaries of holding companies incorporated in the EEA no longer exists.

DISCLOSURE OF INFORMATION TO THE AUDITORS

As far as each Director is aware, there is no relevant information needed by the auditor in connection with preparing its report of which the auditor is unaware. Each Director has taken all steps that he is obliged to take in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

On behalf of the Board of Directors:

DocuSigned by:

Javier Falero

L. J. Falero

Director

27 September 2022

DIF Infra Yield I UK Limited

Strategic Report

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Audited Statement of Comprehensive Income is set out on page 10 and shows the profit for the year after taxation was £8,323,078 (2020: loss of £5,677,945). At 31 December 2021, the Company has shareholder's funds of £32,200,671 (2020: £23,877,593).

The Company's key financial performance indicators for the year were as follows:

	2021 £	2020 £
Profit/(loss) for the year after taxation	7,996,425	(5,677,945)
Shareholder's funds at 31 December	31,874,018	23,877,593

The Company reviewed the fair value of each of the investments against the historic carrying value of each investment. In 2019, after restructuring the underlying project company, the investment in Company D was impaired to the par value of the shares £35,603. The investment in Company D continued to be held at £35,603 at 31 December 2020. Liquidation of Company D was completed during the year ended 31 December 2021, therefore a €Nil value is included in the statement of financial position.

The Directors are not aware, at the date of this report, of any likely changes in the Company's activities in the coming years, and the Directors anticipate that the Company will continue to hold investments.

GOING CONCERN

The audited financial statements have been prepared on a going concern basis. The Directors recognise that there is a retained deficit of £14,865,777 at 31 December 2021. However, the Directors have made an assessment of the Company's ability to continue in operation, noting that a profit was recorded in the current year of £7,996,425 and are satisfied that the Company has the resources to continue in business for the foreseeable future. The Company will receive, if required, financial support of its ultimate parent undertaking, DIF Infrastructure Yield I Coöperatief U.A. to enable it to continue as a going concern and to meet its day to day obligations as they fall due. DIF Infrastructure Yield I Coöperatief U.A. has confirmed that it will provide such financial assistance, if required.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk is that the Company has insufficient funds to meet the financial obligations in respect of the subordinated loan notes due to, DIF Infra Yield 1 Finance B.V., which are advanced to fund the Company's investments. The liquidity risk is mitigated as the redemption date for the loan notes are more than five years from the balance sheet date. Returns from investments are anticipated during this period. A further risk is interest rate risk. The interest risk is mitigated as the loan notes bear a fixed coupon rate.

SIGNIFICANT EVENTS DURING THE YEAR

A D Freeman resigned as Director of the Company and L J Falero was appointed as Director of the Company on 5 March 2021.

DIF Infra Yield I UK Limited

Strategic Report (continued)

SUBSEQUENT EVENTS

In preparing the financial statements for the year ended 31 December 2021, the Directors continued to evaluate the impact of COVID-19 on the Company through to 27 September 2022, the date the financial statements were available to be issued, and have not identified any necessary adjustments or disclosure in the financial statements.

Officially commencing on the 24 February 2022, the invasion of Ukraine by Russian Forces has dominated headlines and driven market activity, posing a significant threat to financial and political stability during the first quarter of 2022. While the effects of continued hostilities between Russia, Ukraine and their wider alliances are causing significant market volatility, this is considered a non-adjusting post balance sheet event and therefore does not impact the financial results included within these financial statements. The economic and broader impacts of Russia's campaign in Ukraine may have an effect on the financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage. The financial statements do not include any adjustments as a result of this subsequent event.

The Directors continued to evaluate the impact of subsequent events on the Company through to 27 September 2022, the date the financial statements were available to be issued, and have not identified additional subsequent events requiring recognition or disclosure in the financial statements.

On behalf of the Board of Directors:

DocuSigned by:

Javier Falero

EB8479FF64EF447

L J Falero

Director

27 September 2022

DIF Infra Yield I UK Limited Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), specifically *Financial Reporting Standard 102: the Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

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 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 apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and FRS 102. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Directors:

DocuSigned by:

Javier Falero

586473EE84EE447

L J Falero
Director

27 September 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DIF INFRA YIELD 1 UK LIMITED**

Opinion

We have audited the financial statements of DIF Infra Yield 1 UK Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), issued by the Financial Reporting Council.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021, and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council's ("FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – Corresponding Figures and Comparative Financial Statements not audited

We draw attention to Note 3 (i) of the financial statements which states that the comparative financial statements are not audited.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

Matters on which we are required to report by exception (continued)

- adequate accounting records have not been kept, or returns adequate for our audit have not been received; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Director's report and from the requirement to prepare a strategic report.

Responsibilities of Directors

The Directors are responsible for the preparation of the financial statements in accordance with FRS 102 and the Companies Act 2006 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the Company in this regard to be those related to the Company's reporting framework i.e. FRS 102 and the Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management;
 - A review of board minutes; and
 - A review of ledger accounts.
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

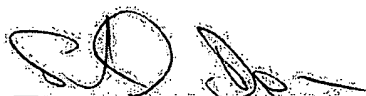
The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Doran (Senior Statutory Auditor)

For and on behalf of Cohen & Co. Chartered Accountants Limited

59/60 O'Connell Street

Limerick

Ireland

Date: 28 September 2022

DIF Infra Yield I UK Limited
Audited Statement of Comprehensive Income
For the year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses	4	(254,522)	(31,975)
Foreign exchange loss		(186,228)	(84,956)
Operating loss		(440,750)	(116,931)
Income from Investments	5	15,407,473	208,078
Interest expense and similar charges	7	(8,064,766)	(7,425,889)
Other income	8	1,807,161	1,374,013
Interest income and similar income	6	287,307	282,849
Write offs			(65)
Profit/(loss) on ordinary activities before taxation		7,996,425	(5,677,945)
Tax on loss on ordinary activities	9		-
Profit/(loss) for the year after taxation		7,996,425	(5,677,945)

All of the activities of the Company are classed as continuing.

The accompanying notes form an integral part of these audited financial statements.

DIF Infra Yield I UK Limited
Audited Statement of Financial Position
As at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Fixed assets			
Investments at cost	10	80,431,787	80,467,390
Loan and interest receivable	11	2,384,588	2,422,959
		82,816,375	82,890,349
Current assets			
Amounts owed by group undertakings	12	16,162,159	14,770,704
Other debtors		300,919	637,557
Cash at bank	13	215,413	771,807
Total current assets		16,678,491	16,180,068
Creditors: amounts falling due within one year			
Creditors	14	(67,747)	(45,991)
Amounts owed to group undertakings	15	(119,736)	(137,710)
Total creditors: amounts falling due within one year		(187,483)	(183,701)
Net current assets		16,491,008	15,996,367
Total assets less total creditors: amounts falling due within one year		99,307,383	98,886,716
Creditors: amounts falling due after more than one year	16	(67,433,365)	(75,009,123)
Net assets		31,874,018	23,877,593
Capital and reserves			
Called up share capital	17	1	1
Shareholder's contributions	18	46,739,794	46,739,794
Retained deficit	18	(14,865,777)	(22,862,202)
Shareholder's funds	19	31,874,018	23,877,593

The audited financial statements were approved and authorised for issue by the Board of Directors of DIF Infra Yield I UK Limited (company number 06756556) on 27 September 2022 and were signed on its behalf by:

DocuSigned by:

588473FF6A4EF447
L J Falero
Director

The accompanying notes form an integral part of these audited financial statements.

DIF Infra Yield I UK Limited
Audited Statement of Changes in Equity
For the year ending 31 December 2021

2021

	Called up share capital £	Shareholder's contributions £	Retained deficit £	Shareholder's funds £
At 31 December 2020	1	46,739,794	(22,862,202)	23,877,593
Profit for the year	-	-	7,996,425	7,996,425
At 31 December 2021	1	46,739,794	(14,865,777)	31,874,018

2020

	Called up share capital £	Shareholder's contributions £	Retained deficit £	Shareholder's funds £
At 31 December 2019	1	46,739,794	(17,184,257)	29,555,538
Loss for the year	-	-	(5,677,945)	(5,677,945)
At 31 December 2020	1	46,739,794	(22,862,202)	23,877,593

The accompanying notes form an integral part of these audited financial statements.

DIF Infra Yield I UK Limited

Notes to the Audited Financial Statements

For the year ending 31 December 2021

1. INCORPORATION AND PRINCIPAL ACTIVITY

DIF Infra Yield I UK Limited (the "Company") is a United Kingdom company incorporated on 24 November 2008. The registered office is 2nd floor, 16 Stratford Place, Marylebone, London, W1T 1BF, United Kingdom. On 23 November 2017, the Company changed its name from DIF Infrastructure II UK Limited to DIF Infra Yield I UK Limited.

At 31 December 2021, the parent of the Company is DIF Infra Yield I Luxembourg S.à r.l., a Company registered in Luxembourg. The ultimate controlling party is DIF Infrastructure Yield I Coöperatief U.A., an entity incorporated in the Netherlands.

The Company invests in PPP/PFI and renewable energy projects in Western Europe that offer long-term stable cash-flows with minimal commercial risk. The PPP/PFI investments are in health, education, road, government and court accommodation projects. The renewable energy investments are in onshore wind and solar PV projects. The investments are located in the UK and Republic of Ireland.

2. BASIS OF PREPARATION

(a) Statement of compliance

The audited financial statements have been prepared in accordance with *Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), and applicable law. There were no material departures from the standard.

(b) Basis of preparation

The audited financial statements are prepared on a going concern basis under the historical cost convention and in accordance with FRS 102 and applicable law.

(c) Functional and presentation currency

The functional and presentation currency of the Company is British Pound ("GBP" or "£"), rounded to the nearest £. The Directors consider that GBP reflects the primary economic environment in which the Company operates.

(d) Subsidiaries and consolidation

Investments in subsidiaries are not consolidated on the basis that the Company is exempt from preparing consolidated financial statements in accordance with Section 400 of the Companies Act 2006 as the Company is included in the consolidated financial statements of its ultimate parent company, DIF Infrastructure Yield I Coöperatief U.A., an entity incorporated in the Netherlands. The registered office of DIF Infrastructure Yield I Coöperatief U.A. is at WTC Schiphol Boulevard 269, 1118, BH Schiphol, The Netherlands.

(e) Exemptions

The Directors have taken advantage of the exemption in paragraph 1.12(b) of FRS 102 from including a cash flow statement in the audited financial statements on the grounds that the Company is wholly owned, and its ultimate parent publishes a consolidated cash flow statement.

The Directors have availed of the exemption in paragraph 33.1(a) of FRS 102 which permits a qualifying entity to not provide disclosures on transactions entered into between two or more members of a group, provided that any subsidiary, which is a party to the transaction, is wholly owned by such a member.

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

3. ACCOUNTING POLICIES

(a) Dividend income

Dividend income relating to the investment in entities is recognised in the audited Statement of Comprehensive Income on the ex-dividend date.

(b) Interest income

Interest income is recognised as it accrues using the historical effective interest rate.

(c) Expenses and accruals

All expenses are accounted for on an accruals basis.

(d) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the reporting currency at the foreign exchange rate ruling at that date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Audited Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values are determined. Non-monetary assets and liabilities not at fair value through profit or loss are translated at the foreign exchange rate ruling at the date of the transaction.

(e) Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the year end date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

(f) Investments

The Company's investments consist of investments in subsidiaries and joint ventures.

The Company's investments are initially measured at transaction price.

Subsequent to initial recognition, the investments, including joint ventures, are re-measured at cost less impairment at the reporting date in accordance with Section 9 *Consolidated and Separate Financial Statements* of FRS 102.

At the reporting date, the Company's investments were reviewed to determine whether there was objective evidence of impairment.

DIF Infra Yield I UK Limited

Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

3. ACCOUNTING POLICIES (continued)**(g) Basic financial instruments**

Basic financial instruments including cash at bank, accounts receivable and accounts payable are initially measured at transaction price in accordance with Section 11 *Basic Financial Instruments* of FRS 102.

Cash at bank

Cash at bank consists of deposits held at call with banks with maturities of less than 3 months.

Accounts receivable

The Company's accounts receivable consists of loans and interest receivable, amounts owed by group undertakings and other debtors.

Subsequent to initial recognition, the accounts receivable are measured at amortised cost using the effective interest method.

At the reporting date, the Company's accounts receivable are reviewed to determine whether there is objective evidence of impairment.

Accounts payable

The Company's accounts payable consist of loans and interest payable, creditors and amounts owed to group undertakings.

Subsequent to initial recognition, the accounts payable are measured at amortised cost using the effective interest method.

(h) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Audited Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

(i) Comparatives

The comparative figures included in these financial statements are not audited.

4. ADMINISTRATIVE EXPENSES

During the year, the Company incurred the following administrative expenses:

	2021 £	2020 £
Other costs	(238,117)	(1,717)
Audit fees	(10,000)	-
Advisory costs	(5,510)	(28,384)
Accounting fees	(895)	(1,874)
Total administrative expenses	(254,522)	(31,975)

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

5. INCOME FROM INVESTMENTS

During the year, the Company received the following dividend income from investments:

	2021 £	2020 £
DIF Infra JV UK Ltd	15,179,145	-
Company C	137,445	157,078
Company A	90,883	51,000
Total income from investments	15,407,473	208,078

6. INTEREST INCOME AND SIMILAR INCOME

During the year, the Company earned interest income on loan notes receivable from the following companies (see note 11):

	2021 £	2020 £
Company G	237,093	232,498
Company C	50,214	50,351
Total interest income and similar income	287,307	282,849

7. INTEREST EXPENSE AND SIMILAR CHARGES

During the year, the Company incurred interest expense of £8,064,766 (2020: £7,425,889) on loan notes payable to DIF Infra Yield I Finance B.V. (see note 16).

8. OTHER INCOME

Analysis of other income in the year:

	2021 £	2020 £
Directors' Fees	807,161	660,673
Group Tax Relief	-	713,340
Total other income	807,161	1,374,013

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

9. TAXATION

Analysis of tax credit in the year:

	2021 £	2020 £
UK Corporation tax		
Current tax on profit/(loss) for the year – group relief received	-	-

The tax credit on the loss on ordinary activities for the year was as follows:

	2021 £	2020 £
Profit/(loss) before taxation	7,996,425	(5,677,945)
Tax at the standard rate of corporation tax in the UK of 19%	(1,519,321)	(1,078,810)
<i>Effects of:</i>		
Exempt dividend income	2,927,420	39,535
Unrelieved losses carried forward	(1,408,099)	(1,039,275)
Tax credit on profit/(loss) on ordinary activities	-	-

10. INVESTMENTS AT COST

The Company holds the following investments in entities at the reporting date:

Subsidiary	Holding	31 December 2021 Total £	31 December 2020 Total £
DIF Infra JV UK Ltd	100%	43,660,465	43,660,465
Company A	100%	7,451,252	7,451,252
Company B	100%	5,892,140	5,892,140
Company C	100%	805,143	805,143
Company D (liquidated in 2021)	100%	-	35,603
Total investments in subsidiaries		57,809,000	57,844,603

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

10. INVESTMENTS AT COST (continued)

Joint Venture	Holding	31 December 2021 Total £	31 December 2020 Total £
Company E	50%	18,292,819	18,292,819
Company F	50%	4,015,625	4,015,625
Company G	50%	314,343	314,343
Total investments in joint ventures		22,622,787	22,622,787
Total investments at cost		80,431,787	80,467,390

Through the Company's investments in subsidiaries and joint ventures it also holds the following indirect investments at the reporting date:

Name of entity	Indirect holding	Country of Incorporation
DIF Infra JV UK Ltd		
Company H	95.00%	United Kingdom
Company I	95.00%	United Kingdom
Company J	95.00%	United Kingdom
Company K	95.00%	United Kingdom
Company L	95.00%	United Kingdom
Company M	80.75%	United Kingdom
Company N	80.75%	United Kingdom
Company E	47.50%	United Kingdom
Company O	47.50%	United Kingdom
Company P	47.50%	United Kingdom
Company Q	47.50%	United Kingdom
Company R	47.50%	United Kingdom
Company S	47.50%	United Kingdom
Company T	47.50%	United Kingdom
Company U	47.50%	United Kingdom
Company V	47.50%	United Kingdom
Company W	47.50%	United Kingdom
Company X	47.50%	United Kingdom
Company Y	33.25%	United Kingdom
Company Z	33.25%	United Kingdom
Company AA	23.91%	United Kingdom
Company AB	23.91%	United Kingdom
Company AC	19.00%	United Kingdom
Company AD	19.00%	United Kingdom

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

10. INVESTMENTS AT COST (continued)

Name of entity	Indirect holding	Country of Incorporation
Company A		
Company AE	100%	United Kingdom
Company B		
Company AF	100%	United Kingdom
Company C	100%	United Kingdom
Company F		
Company AG	12.5%	United Kingdom
Company AH	12.5%	United Kingdom
Company AI	12.5%	United Kingdom
Company G		
Company AJ	50%	United Kingdom

11. LOAN AND INTEREST RECEIVABLE

	31 December	31 December
	2021	2020
	£	£
Company G	1,957,887	1,996,121
Company C	426,701	426,838
Total loan and interest receivable	2,384,588	2,422,959

Company G

At 31 December 2021, the Company held loan notes from Company G. The Company's initial subscription in the unsecured subordinated loan notes amounted to £2,132,000. The subordinated loan notes pay a coupon at a rate of 12% with any unpaid accrued interest being added to the subordinated loan note balance. The maturity date of the unsecured subordinated loan notes is 31 March 2041. Interest income on the loan receivable for the period is disclosed in note 6.

Company C

As per the signed loan agreement dated 20 December 2018, DIF Infrastructure II UK Partnership transferred the legal interest and DIF Infra Yield I Finance B.V. transferred the economic interest to the Company in loan stock issued by Company C issued under a loan stock instrument.

Interest accrues at a rate of 12% per annum on the loan note instrument. Interest income on the loan note for the period is disclosed in note 6.

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

12. AMOUNTS OWED BY GROUP UNDERTAKINGS

	31 December 2021 £	31 December 2020 £
DIF Infra Yield I Luxembourg S.à r.l.	11,963,701	12,098,280
DIF Infra Yield I Finance B.V.	3,425,770	1,917,142
DIF Infrastructure Yield I Coöperatief U.A.	717,610	717,610
DIF Infra Yield I Ireland Limited	27,519	-
Company X	25,003	25,003
Company L	1,751	1,751
Stichting DIF Yield I	805	865
DIF Infra JV UK Limited	-	10,053
Total amounts owed by group undertakings	16,162,159	14,770,704

13. CASH AT BANK

At 31 December 2021, cash at bank consisted of balances held with ABN Amro Bank N.V. UK Branch of £215,413 (2020: £771,807).

14. CREDITORS

	31 December 2021 £	31 December 2020 £
Accruals	(35,383)	(14,919)
VAT payable	(26,854)	(31,072)
Trade creditors	(5,510)	-
Total creditors	(67,747)	(45,991)

15. AMOUNTS OWED TO GROUP UNDERTAKINGS

	31 December 2021 £	31 December 2020 £
Company AE	(119,736)	(119,736)
Company Z	-	(17,974)
Total amounts owed to group undertakings	(119,736)	(137,710)

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2021 £	31 December 2020 £
Loan payable to DIF Infra Yield I Finance B.V.	(66,366,357)	(63,485,635)
Interest payable to DIF Infra Yield I Finance B.V.	(1,067,008)	(11,523,488)
Total creditors: amounts falling due after more than one year	(67,433,365)	(75,009,123)

Loans and interest payable to DIF Infra Yield I Finance B.V. relate to a number of loans received by the Company from DIF Infrastructure II UK Partnership and subsequently assigned to DIF Infra Yield I Finance B.V. The loans were received to finance the Company's investments. The loans have varying interest rates from 10% to 12%. The loans are repayable on various dates from August 2033 to December 2047.

17. CALLED UP SHARE CAPITAL

	31 December 2021 £	31 December 2020 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of par value of £1	1	1
	1	1

The authorised share capital of the Company is £1,000 divided into 1,000 shares of £1 each.

At 31 December 2021 and 31 December 2020, there is 1 ordinary share in issue which is held by DIF Infra Yield I Luxembourg S.à.r.l., an entity registered in Luxembourg.

The ultimate controlling party is DIF Infrastructure Yield I Coöperatief U.A., an entity incorporated in the Netherlands.

18. SHAREHOLDER'S CONTRIBUTIONS AND RETAINED DEFICIT

	2021 £	2020 £
At 1 January	23,877,592	29,555,537
Profit/(loss) for the year	7,996,425	(5,677,945)
At 31 December	31,874,018	23,877,592

DIF Infra Yield I UK Limited
Notes to the Audited Financial Statements
For the year ended 31 December 2021 (continued)

19. SHAREHOLDER'S FUNDS

At 31 December 2021 and 31 December 2020, shareholder's funds consisted of called-up share capital representing the nominal value of shares that have been issued, capital contributions, and the retained reserve account which includes all current and prior period retained profits and losses.

20. RELATED PARTIES

The Directors have availed of the exemption in paragraph 33.1(a) of FRS 102 which permits a qualifying entity to not provide disclosures on transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

21. SUBSEQUENT EVENTS

In preparing the financial statements for the year ended 31 December 2021, the Directors continued to evaluate the impact of COVID-19 on the Company through to 27 September 2022, the date the financial statements were available to be issued, and have not identified any necessary adjustments or disclosure in the financial statements.

Officially commencing on the 24 February 2022, the invasion of Ukraine by Russian Forces has dominated headlines and driven market activity, posing a significant threat to financial and political stability during the first quarter of 2022. While the effects of continued hostilities between Russia, Ukraine and their wider alliances are causing significant market volatility, this is considered a non-adjusting post balance sheet event and therefore does not impact the financial results included within these financial statements. The economic and broader impacts of Russia's campaign in Ukraine may have an effect on the financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage. The financial statements do not include any adjustments as a result of this subsequent event.

The Directors continued to evaluate the impact of subsequent events on the Company through 27 September 2022, the date the financial statements were available to be issued, and have not identified additional subsequent events requiring recognition or disclosure in the financial statements.

22. APPROVAL OF AUDITED FINANCIAL STATEMENTS

The Directors approved the audited financial statements on 27 September 2022.