

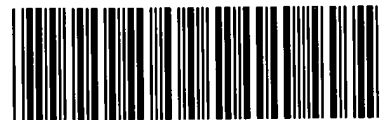
Company Registration No. 08483128

Diamond Transmission Corporation Limited

Annual Report and Financial Statements

For the year ended 31 March 2020

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Diamond Transmission Corporation Limited

Annual Report and Financial Statements for the year ended 31 March 2020

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Diamond Transmission Corporation Limited

Annual Report and financial statements for the year ended 31 March 2020

Officers and professional advisers

Directors

M Muramiya
K Kono
N Kinoshita
K Fukuhara

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Bankers

MUFG Bank, Ltd
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9AN

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Diamond Transmission Corporation Limited

Strategic report

The Directors present their strategic report for the year ended 31 March 2020 in accordance with section 414 of the Companies Act 2006.

Background

Diamond Transmission Corporation Limited (“the Company”, “DTC”) is a wholly owned subsidiary of Mitsubishi Corporation (“MC”) which is incorporated in Japan. DTC is a private company limited by shares incorporated in England and Wales and domiciled in the UK, which acts as a holding company to integrate MC’s investment activities in the European transmission sector.

During the year the Company held investments in projects in the UK and Germany. The Company has invested in offshore electricity transmission projects in the UK under the long term offshore transmission owner (“OFTO”) licence (“Licence”) provided by the Office of Gas and Electricity Markets (“Ofgem”), in partnership with the Department for Business, Energy & Industrial Strategy of the UK government. The Company’s involvement in the transmission business in the United Kingdom through its investments stands at 8 assets, with a transmission capacity of 3,132W in total.

During the year the Company also had investments in its German offshore electricity transmission businesses, Diamond Germany 1. Transmission GmbH (“DGT1”) and Diamond Germany 2. Transmission GmbH (“DGT2”). These in turn held interests in joint ventures with TenneT Offshore GmbH (“TenneT”) which owned and managed various offshore electricity transmission assets under German regulations. The Company sold its investments in its German subsidiaries DGT1 and DGT2 on 26 March 2020.

Business review

The Company is engaged in identifying new opportunities for transmission projects. Two UK projects have achieved financial close during the year.

On 21 August 2019, DTC transferred 49% of its shares in Diamond Transmission Partners Race Bank (Holdings) Limited (DTPRBH) to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited. This was carried out before Financial Close of the purchase of offshore transmission system assets relating to the Race Bank Offshore Wind Farm project in Diamond Transmission Partners RB Limited (“DTPRB”) (a subsidiary of DTPRBH). Financial close was achieved on 10 October 2019. In October 2019, DTC made a Management and Financial Services Agreement with DTPRB to supply various management services to that Company.

On 6 December 2019, DTC transferred 49% of its shares in Diamond Transmission Partners Galloper (Holdings) Limited (“DTPGH”) to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited. This was carried out before financial close of the purchase of offshore transmission system assets relating to the Galloper Offshore Wind Farm project in Diamond Transmission Partners Galloper Limited (“DTPG”) (a subsidiary of DTPGH). Financial close was achieved on 27 February 2020. In February 2020, DTC made a Management and Financial Services Agreement with DTPG to supply various management services to that Company.

On 24 January 2020, as part of seeking new investment opportunities the Company invested in the following companies; Diamond Transmission Partners East Anglia One Holdings Limited (“DTPEAOH”) which is wholly owned by the Company and Diamond Transmission Partners East Anglia One (“DTPEAO”), its operating company.

On 27 February 2020, Ofgem officially announced that Diamond Transmission Partners Hornsea One Limited (“DTPHO”), a subsidiary of Diamond Transmission Partners Hornsea One (Holdings) Limited (“DTPHOH”), was selected as the preferred bidder for a new offshore electricity transmission link in the UK. The new offshore electricity asset, Hornsea One offshore transmission system, DTC’s ninth such project in the UK, is situated 120 km offshore, east of the Humber Estuary in East Yorkshire. Connected to the Kilingholme substation in East Yorkshire, the Hornsea One transmission system consists of three subsea cables, three land cables, four offshore substations and one onshore substation. The asset has a transmission capacity of up to 1200 MW.

Diamond Transmission Corporation Limited

Strategic report (continued)

Restructuring of activities

During the financial year, the Company was restructured in line with the wider MC group's transmission strategy. In the future, as the headquarters for MC's global transmission business, the Company will concentrate on strategy for the global transmission business, group financial matters, shareholder management for MC and management and support for regional subsidiaries. The Company has incorporated two regional subsidiaries, Diamond Transmission UK ("DTUK") to cover the existing UK OFTO business and Diamond Transmission US ("DTUS") to cover research and development for the new US transmission business.

Under the restructuring, DTUK was incorporated on 24 October 2019, and the investments transferred into DTUK by way of share for share transfer on 14 February 2020. The investments transferred were Blue Transmission Investments Limited ("BTI"), Diamond Transmission Partners BBE (Holdings) Limited ("DTPBBEH") and Diamond Transmission RB (Holding) Limited ("DTPRBH"). The Management and Financial Service Agreements with those companies were also transferred to DTUK from the date when the shares were transferred.

DTUS was incorporated on 21 November 2019 in the United States of America ("USA") to look for investment and trading opportunities in the USA.

During the financial year, the Company decided to dissolve the following subsidiaries as they were no longer required following unsuccessful bid activity: Diamond Transmission Partners Dudgeon Holdings Limited and its subsidiary Diamond Transmission Partners Dudgeon Limited, Diamond Transmission Partners Rampion Holdings Limited and its subsidiary Diamond Transmission Partners Rampion Limited. The dissolution of these companies took place on 17 December 2019.

Impact of the Covid-19 pandemic

The Company has proactively executed a plan to identify the potential key impact areas of the Covid-19 pandemic and put in place measures to address and manage those risks as necessary, while following all governmental requirements and guidelines. The Company has engaged closely with its related partners, which are critical to the management and successful operation of the Company's operations and investments.

The Company's staff are working remotely and through to the date of this report, there have been no significant adverse incidents or disruption to the operations or financial position of the Company or the Company's direct or indirect investees as a direct result of the Covid-19 pandemic.

Financial review and key performance indicators

As shown in the Company's profit and loss account on page 12, the Company's operating loss has decreased since the previous financial year to £2,578k from £3,234k; this was due to increased revenue offset by increased administrative expenses, which is explained below.

The administrative expenses of £4,629k (2019: £4,000k) have increased due to increased costs associated with advisory fees for the restructuring and an increase in staff numbers. Revenue of £2,051k (2019: 766k) has increased due to the acquired management service fees from a number of financial closes of investments.

The Company is structured in a way where the majority of its income is generated from interest and dividends. During the financial year, the Company received dividends as per the following table. The Company in turn paid dividends of £232.5m (€254m) (2019: £40.3m (£5m and €40.29(£35.3m) respectively) to MC.

Entity	Received dividends	Entity	Received dividends
DGT1	-	BTI	W1
	-		W2
DGT2	€14.8m		SS
	(£13.6m)		LA

Diamond Transmission Corporation Limited

Strategic report (continued)

Financial review and key performance indicators (continued)

The Company's profit for the year before and after tax has increased; this is mainly due to the profit made on the sale of its German subsidiaries of £84,933k and other investments of £2,795k in the financial year.

The Directors consider the results for the year to be satisfactory and the Directors remain confident that the Company will sustain its underlying level of performance by continuing to operate efficiently and increase revenue by sourcing new investment opportunities.

Future prospects

The Directors are not aware, at the date of this report, of any other major changes in the Company's activities for the coming year ahead. The Company actively continues to seek further investment opportunities.

Post balance sheet events

On 6 April 2020 DTC transferred 29% of its shares in Diamond Transmission Partners Walney Extension (Holdings) Limited ("DTPWEH") to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited and 20% of its shares to Chubu Electric Power Company Netherlands B.V. This was carried out before financial close of the purchase of offshore transmission systems assets relating to the Walney Extension Offshore Wind Farm project in Diamond Transmission Partners Walney Extension Limited ("DTPWE") (a subsidiary of DTPWEH). Financial close was achieved on 4 June 2020. In June 2020 DTC made a Management and Financial Services Agreement with DTPWE to supply various management services to that Company.

Principal risks and uncertainties

The key risks that the Company faces in its day-to-day operations can broadly be categorised as relating to risks arising from the impact of the Covid-19 pandemic, credit risk, operational risk, liquidity risk, interest rate risk and currency exchange risk.

Covid-19 pandemic risk

The Company has proactively executed a plan to identify the potential key impact areas of the Covid-19 pandemic and put in place measures to address and manage those risks as necessary, while following all governmental requirements and guidelines. The Company has engaged closely with its related partners, which are critical to the management and successful operation of the Company's operations and investments.

Credit risk

Credit risk is the risk that a counterparty will not meet its financial obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Operational risk

Operational risk is the risk that the Company suffers a loss directly or indirectly from inadequate or failed internal processes, people and systems or from external events. The Company's senior management ensure that any significant operational risks and their controls are continually reviewed and assessed and, where applicable, corrective action plans are put in place.

Liquidity risk

There is a risk that the Company may need to seek alternative sources of finance if the availability of credit at reasonable cost becomes difficult. Ultimate responsibility for liquidity risk management rests with the Board. The Company has in place an appropriate liquidity risk management framework for the management of the Company's funding and liquidity management requirements.

Interest rate risk

The Company lends funds by way of subordinated debt to its investments at a fixed rate with the exception of W1 which is at a fixed rate of 7.88% plus the interest rate inflation component linked to movements in the UK retail price index (RPI). The Company is therefore subject to a price risk associated with changes in RPI for W1 only.

Diamond Transmission Corporation Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year the Company had Euro lending and borrowing through its pooling facility arrangement. The Company eliminates its exposure to currency risks by ensuring that the euro lending and borrowing are equally matched in the euro currency. The Company no longer has a euro pooling facility arrangement since the sale of its German investments.

Approved by the Board of Directors and signed on behalf of the Board by:



.....
Masanobu Muramiya
CEO and Managing Director
24 September 2020

Diamond Transmission Corporation Limited

Directors' report

The Directors of Diamond Transmission Corporation Limited (the "Company") have pleasure in presenting their annual report, together with the audited Financial Statements, for the year ended 31 March 2020.

Information presented in other sections

Information relating to business review, future developments and principal risks and uncertainties has been included in the Strategic Report and forms part of this report by cross reference.

Directors

The Directors who held office during the year were as follows:

M Muramiya	
K Kono	(resigned 17 August 2020)
K Takahashi	(resigned 10 May 2019)
H Niwa	(resigned 1 August 2019)
Y Umemura	(resigned 31 March 2020)
N Kinoshita	(appointed 10 May 2019)
K Fukuhara	(appointed 1 August 2019)
O Yoshida	(appointed 17 August 2020)

Those serving up to the date of approval of these Financial Statements are included on page 1.

Directors' indemnities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Political contributions and charitable donations

The Company made no political contributions or charitable donations during the year (2019: £nil).

Dividends

Details of dividends paid during the year are given in note 18 to the financial statements. No further dividends have been paid or proposed since the balance sheet date.

Going concern

After making enquiries and taking into account the impact of the Covid-19 pandemic, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details are set out in note 1 to the Financial Statements.

Diamond Transmission Corporation Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all appropriate steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as an auditor. A resolution to reappoint them will be proposed.

Approved by the Board of Directors and signed on behalf of the Board by:



.....
Masanobu Muramiya
CEO and Managing Director
24 September 2020

Diamond Transmission Corporation Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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. 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.

Independent auditor's report to the members of Diamond Transmission Corporation Limited

Opinion

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Diamond Transmission Corporation Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the "FRC's") 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 these matters.

Independent auditor's report to the members of Diamond Transmission Corporation Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal 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.

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.

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 auditor's report.

Independent auditor's report to the members of Diamond Transmission Corporation Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Andrew Lowes (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
24 September 2020

Diamond Transmission Corporation Limited

Profit and loss account For the year ended 31 March 2020

	Notes	31 March 2020 £000's	31 March 2019 £000's
Revenue		2,051	766
Administrative expenses	2	(4,629)	(4,000)
Operating loss		(2,578)	(3,234)
Interest receivable and similar income		7,394	5,983
Finance costs		(30)	-
Dividend income from group undertakings		20,093	43,410
Provisions	3	(10)	(3)
Profit from sale of investments	4	87,728	432
Profit for year before tax		112,597	46,588
Tax charge on profit	6	(1,168)	(527)
Profit for the year and total comprehensive income	5	111,429	46,061

All the above results for the year are derived entirely from continuing activities.

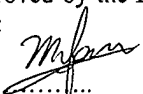
The Company has no comprehensive income or expenses other than those included in the results above (2019: nil), and therefore no separate statement of total comprehensive income and expenses has been presented.

Diamond Transmission Corporation Limited

Balance sheet As at 31 March 2020

	Notes	31 March 2020 £000's	31 March 2019 £000's
Non-current assets			
Property, plant and equipment	7	40	44
Right of use assets	8	1,601	-
Investment in subsidiary undertakings	9	15,194	163,263
Investment in joint venture	10	1	14,172
Loans receivable from joint venture	11	106,160	72,404
Deferred tax assets	12	7	6
		<u>123,003</u>	<u>249,889</u>
Current assets			
Trade and other receivables	13	6,377	6,363
Amounts due from group undertakings	15	24,342	15,714
		<u>30,719</u>	<u>22,077</u>
Total assets		<u>153,722</u>	<u>271,966</u>
Current liabilities			
Lease liabilities	14	(259)	-
Payables due to group undertakings		(1,073)	(829)
Amounts due to group undertakings under group cash pooling arrangements		-	(1,436)
Corporation tax		(617)	(437)
Other current liabilities		(3,314)	(1,080)
	16	<u>(5,263)</u>	<u>(3,782)</u>
Net current assets		<u>25,456</u>	<u>18,295</u>
Total assets less current liabilities		<u>148,459</u>	<u>268,184</u>
Non-current liabilities			
Lease liabilities	14	(1,355)	-
Net assets		<u>147,104</u>	<u>268,184</u>
Equity			
Share capital	17	118,441	118,441
Retained earnings		28,663	149,743
Equity attributable to owners of the Company		<u>147,104</u>	<u>268,184</u>

The Financial Statements of Diamond Transmission Corporation Limited (company registration number: 08483128) were approved by the Board of Directors and authorised for issue on 24 September 2020. They were signed on its behalf by:


.....
Masanobu Muramiya CEO & Managing Director

Diamond Transmission Corporation Limited

Statement of changes in equity For the year ended 31 March 2020

	Share capital £000's	Retained earnings £000's	Total £000's
Balance at 1 April 2018	118,441	144,025	262,466
Dividends Paid (Note 18)	-	(40,343)	(40,343)
Profit for the year and total comprehensive income	-	46,061	46,061
Balance at 31 March 2019	<u>118,441</u>	<u>149,743</u>	<u>268,184</u>
Balance at 1 April 2019	118,441	149,743	268,184
Dividends Paid (Note 18)	-	(232,509)	(232,509)
Profit for the year and total comprehensive income	-	111,429	111,429
Balance at 31 March 2020	<u>118,441</u>	<u>28,663</u>	<u>147,104</u>

Diamond Transmission Corporation Limited

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

1. Accounting policies

Basis of accounting

A summary of the principal accounting policies, which have been applied consistently throughout the current and previous years, except as noted, is set out below.

The Financial Statements have been prepared under the historical cost accounting convention in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these Financial Statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, financial instruments, capital management, standards not yet effective and related party transactions. Equivalent disclosures have been given in the group Financial Statements of Mitsubishi Corporation ("MC").

Exemption from preparing group financial statements

These Financial Statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of MC, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements. The group financial statements of MC are available to the public and can be obtained as set out in note 23.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) and adopted by the EU to comply with the Companies Act 2006 that are mandatorily effective for an accounting period that begins on or after 1 January 2019. These amendments include IFRS 16 "Leases". The Company has adopted IFRS 16 "Leases" with effect from 1 April 2019 which replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'. The right of use assets and lease liabilities initially recognised on 1 April 2019 was £1,851k. The net effect of the adoption of IFRS 16 was a decrease in net income before tax of £13k.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company's principal source of liquidity is its short-term loan receivables from group undertakings, which represent cash pooled with Mitsubishi Corporation Finance plc, Mitsubishi Corporation's European finance company. The Company had approximately £16.0m of such cash pooling receivables at the date of approval of the financial statements.

The directors have considered forecasts for both the Company and its direct and indirect investees taking account of the current market conditions, including the Covid-19 pandemic, which demonstrate that the Company should be able to continue to operate within the level of its current resources over the 12 month period from the date of approval of these financial statements.

The level of operating expenses is not expected to change significantly from current levels. The Company cannot be forced to provide additional funding to its investees without its agreement, either because it controls the investee as a subsidiary or under the terms of the shareholder agreements to which the Company and its direct investees are party. However, should the Company be requested to provide additional cash to its investees, the Company expects to have access to sufficient funds, either from its own resources or by way of issuing equity to its parent to be able to do so.

Diamond Transmission Corporation Limited

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

1. Accounting policies (continued)

Going concern (continued)

Based on the factors above, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources available to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and Financial Statements.

Cash management

DTC continues to have a cash pooling arrangement with Mitsubishi Corporation Finance plc ("MCF") which provides treasury services to the MC Group in Europe such that on a daily basis cash is swept from DTC and deposited with MCF. As at the balance sheet date, the Company had a short-term receivable of £24.3m arising from this cash pooling arrangement, which is equivalent to the cash at bank position of the Company. The Company's European subsidiaries terminated its cash pooling arrangement with MCF in March 2020.

Investments

Investments are stated at purchased cost on acquisition less any provision for impairment where appropriate. The Company reviews the recoverable amount of investments. If the carrying amount of non-current asset investments is not recoverable, the carrying value of the investment is written down to its recoverable amount.

These financial statements are individual financial statements, which do not include the consolidated figures of the Company's investments.

Foreign currencies

The Company's Financial Statements are presented in pound sterling which is the currency of the primary economic environment in which it operates and is deemed to be its functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

Pension costs

The Company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the Company to the fund in respect of the year. Differences between charges accruing during the year and cash payments are included as either accruals or prepayments in the balance sheet.

Revenue recognition

Revenue comprises income derived from financing businesses in the offshore electricity transmission business and service fees relating to the power sector business activities. The other sources of income are service fees from its investee companies and service fees from group companies. Finance income is recognised on a time basis, by reference to the principal outstanding and the rate applicable under the terms of the relevant contract.

Diamond Transmission Corporation Limited

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

1. Accounting policies (continued)

Other income

Interest receivable is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investment is recognised when the Company's right to receive payment has been established.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at the future date, at rates expected to apply when they crystallise based on current tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be realisable.

Depreciation is provided at rates calculated to amortise the cost, less estimated residual value over its expected useful life on the following bases:

Leasehold buildings	20% per annum on cost
Software	33.33% per annum on cost
Furniture, fixtures and equipment	33.33% per annum on cost

Diamond Transmission Corporation Limited

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

1. Accounting policies (continued)

Financial instruments

Financial instruments are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The classification depends on the nature and purpose of the financial assets or liability determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash and current account balances with financial institutions, with less than three months' maturity from the date of acquisition.

Financial assets

Financial assets that have cash flows which are solely payments of principal and interest are measured initially at fair value plus transaction cost and subsequently at amortised cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial in comparison with carrying value.

Impairment of financial assets

For financial assets recognised at amortised cost allowance is made for expected credit losses at each reporting date. The Directors have determined with the assistance of the parent company a methodology of assessing the credit risk applicable to each counterparty of each financial instrument. The Directors have then used these credit risk assessments to determine a financial value attributable to each risk. The Directors have also put in place an annual review to see if there has been any significant change in the risk profile of each counterparty and assess the adequacy of any impairment in line with the principles included in IFRS 9.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are recognised initially at fair value plus transaction cost and subsequently at amortised cost. Equity instruments issued by the Company are recorded when the proceeds are received, net of direct issue costs.

Diamond Transmission Corporation Limited

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

1. Accounting policies (continued)

Provisions

Provisions are recognised for expected credit losses at each reporting date, measured at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since the initial recognition, or an amount equal to 12-month expected credit losses if the credit risk has not increased significantly.

Lease liabilities

The Company has adopted IFRS 16 'Leases' with effect from 1 April 2019, which replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

To the extent that a right-of-control exists over an asset subject to a lease, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Company's obligation to make lease payments, are recognised in the balance sheet. The Company has adopted IFRS 16 using the modified retrospective method with a date of initial application of 1 April 2019. Consequently, all right-of-use assets and related lease liabilities at 1 April 2019 have been recognised at that date. In applying the modified retrospective method, there has been no impact on the balance sheet prior to 1 April 2019, where all operating lease rentals were expensed as they fell due over the term of the lease. The Company had no finance leases.

Subsequent to 1 April 2019, where the Company enters into a contract that gives rise to new rights-of-control over an asset, a right-of-use asset and related lease liability are recognised in the balance sheet at the commencement of the lease.

All right-of-use assets are measured initially at cost and include the amount of initial measurement of the lease liability plus any initial direct costs if any, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required under the terms of the lease.

Depreciation is charged to the income statement so as to depreciate the right-of-use asset on a straight line basis from the date commencement of the lease, adjusted as necessary to reflect the adoption of IFRS 16 on 1 April 2019 using the modified retrospective method, through to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where the lease term includes an option to extend that lease, and it is reasonably certain that the option will be exercised, then the lease term is deemed to include the extension period. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

Lease liabilities have been measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, if readily determinable. If the implicit interest rate cannot be readily determined, an estimate of the Company's incremental borrowing rate at the date of initial application of IFRS 16 has been used. Finance charges are recognised in the income statement over the period of the lease.

Lease expenses for leases with duration of one year or less and of low-value assets are not recognised in balance sheet and are charged to the income statement when incurred. Low-value assets are determined based on quantitative criteria.

Critical accounting judgements and key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Diamond Transmission Corporation Limited

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

1. Accounting policies (continued)

Critical accounting judgements

Recoverability of long-term loan receivables and investments

During the year, the Directors have considered the recoverability of the Company's investments in subsidiary undertakings of £15,194k (2019: £163,263k) and its subordinated loan balances, which are included in the balance sheet at £106,193k (2019: £72,426k). Due to the nature of the project finance provided by the Company, the recoverability of these investments and loan balances is dependent on the revenue generated from the seven offshore transmission owners ("OFTOs") assets, Walney 1 ("W1"), Walney 2 ("W2"), Sheringham Shoal ("SS"), London Array ("LA"), Burbo Bank Extension ("BBE"), Race Bank ("RB") and Galloper ("G").

The Directors have reviewed the Company's investments and loans receivable to assess whether there are any indicators that the carrying value of these balances may be impaired below their recoverable amount.

The Directors' review of the recoverability of investments by assessing the factors above along with a detailed analysis does not suggest any indicators of impairment. The projects continue to progress in a satisfactory manner, and the Directors are therefore confident that the carrying amount of the assets will be recovered in full.

As explained in note 11 the Company recognises a loss allowance on the basis of expected 12-month credit losses. If there was a significant increase in the credit risk of a counterparty the Company would be required to recognise a loss allowance on the basis of expected lifetime credit losses. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. This situation will be closely monitored and adjustments made in future periods if the future creditworthiness of the counterparties changes significantly.

2. Administrative expenses

	31 March 2020 £000's	31 March 2019 £000's
Management and service fees	611	588
Legal and professional fees	1,849	1,028
Other operating expenses	2,169	2,384
	<u>4,629</u>	<u>4,000</u>

	31 March 2020 No.	31 March 2019 No.
Average number of persons employed during the year:		
Directors	4	5
Staff	17	14
	<u>21</u>	<u>19</u>

Diamond Transmission Corporation Limited

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

2. Administrative expenses (continued)

	31 March 2020 £000's	31 March 2019 £000's
Employee costs:		
Wages and salaries	1,122	976
Social security costs	135	118
Pension costs (see note 19)	137	121
	<u>1,394</u>	<u>1,215</u>

The Directors of the Company received no emoluments for services as the Company's directors during the current or prior year. The Directors of the company are paid by MC in their capacity as group employees. They serve as employees of MC and/or other companies within the group, and so it is not practicable to allocate the amounts paid to them between their services as directors of the company and their services as employees of other companies within the group.

3. Provisions

	31 March 2020 £000's	31 March 2019 £000's
Provisions for expected credit losses	10	3
	<u>10</u>	<u>3</u>

The Company accounts for provision for expected credit losses on financial assets recorded at amortised cost in accordance with the requirements of IFRS9.

Diamond Transmission Corporation Limited

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

4. Profit from sale of investments

	31 March 2020 £000's	31 March 2019 £000's
Profit on sale of investment in DGT1	39,036	-
Profit on sale of investment in DGT2	45,897	-
Profit on sale of investment in DTPBBEH	-	432
Profit on sale of investment in DTPRBH	1,320	
Profit on sale of investment in DTPGH	1,475	
	<u>87,728</u>	<u>432</u>

The Company sold its stake in DGT1 and DGT2 on 26 March 2020 and no longer holds any investments in these companies. The Company completed the sale of a 49% stake in its investment in DTPRBH to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited on 10 October 2019. The Company completed the sale of a 49% stake in its investment in DTPGH to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited on 27 February 2020.

5. Profit for the year and total comprehensive income

	31 March 2020 £000's	31 March 2019 £000's
<i>Profit for the year has been arrived at after charging:</i>		
Exchange loss	3	69
Depreciation of right of use assets	250	-
Depreciation of owned property, plant and equipment	17	19
Change in the provision for future expected credit losses	10	3
Auditor's remuneration (refer to analysis below)	69	68
	<u> </u>	<u> </u>

Auditor's remuneration can be analysed as follows:

Statutory audit of the Company's financial statements	40	36
Statutory audit of the Company's subsidiaries' financial statements	19	23
Other services in relation to tax compliance	10	9
	<u> </u>	<u> </u>

Diamond Transmission Corporation Limited

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

6. Taxation

(a) Tax charge on profit:

	31 March 2020 £000's	31 March 2019 £000's
Current tax:		
UK corporation tax	1,247	527
Consortium relief	(19)	-
Group relief	-	(51)
Adjustments in respect of prior year	(58)	47
Total current tax	1,170	523
Deferred taxation current year	(2)	4
Tax charge on profit	1,168	527

(b) Factors affecting current tax charge

	31 March 2020 £000's	31 March 2019 £000's
Profit before taxation	112,597	46,588
Profit multiplied by the standard rate of corporation tax in the UK at 19%	21,393	8,852
Effects of:		
Income not chargeable for tax purposes	(20,486)	(8,330)
Expenses not deductible for tax purposes	345	8
Adjustments in respect of prior year	(58)	47
Accelerated capital allowances	(6)	(2)
Deferred taxation current year	(1)	3
Consortium relief	(19)	-
Group relief	-	(51)
Total tax charge on profit	1,168	527

(c) Rates of taxation - current and future years

On 17 March 2020, a resolution was passed by Parliament under the Provisional Collection of Taxes Act 1968 that brought into effect certain measures, including a change to the rate of corporation tax from 17% to 19%, that applies to the year ending 31 March 2021 and subsequent years. The UK Finance Act 2016 had previously legislated that a corporation tax rate of 17% would apply in those periods.

Future tax charges, and therefore the Company's future effective tax rate, could be impacted by changes in legislation or the interpretation of existing legislation by the Company and or the relevant tax authorities.

Diamond Transmission Corporation Limited

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

7. Property, plant and equipment

	Software £000's	Leasehold building structures £000's	Furniture, fixtures & equipment £000's	Total £000's
Cost				
At 1 April 2019	-	73	101	174
Additions	<u>4</u>	<u>-</u>	<u>11</u>	<u>15</u>
At 31 March 2020	<u><u>4</u></u>	<u><u>73</u></u>	<u><u>112</u></u>	<u><u>189</u></u>
Depreciation				
At 1 April 2019	-	48	82	130
Charge for the year	<u>1</u>	<u>8</u>	<u>10</u>	<u>19</u>
At 31 March 2020	<u><u>1</u></u>	<u><u>56</u></u>	<u><u>92</u></u>	<u><u>149</u></u>
Net book value				
At 31 March 2019	<u>-</u>	<u>25</u>	<u>19</u>	<u>44</u>
At 31 March 2020	<u><u>3</u></u>	<u><u>17</u></u>	<u><u>20</u></u>	<u><u>40</u></u>

Diamond Transmission Corporation Limited

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

8. Right of use assets

	Building structures £000's	Furniture, fixture and equipment £000's	Total £000's
Cost			
At 1 April 2019	-	-	-
Additions	<u>1,842</u>	<u>9</u>	<u>1,851</u>
At 31 March 2020	<u><u>1,842</u></u>	<u><u>9</u></u>	<u><u>1,851</u></u>
Depreciation			
At 1 April 2019	-	-	-
Charge for the year	<u>246</u>	<u>4</u>	<u>250</u>
At 31 March 2020	<u><u>246</u></u>	<u><u>4</u></u>	<u><u>250</u></u>
Net book value			
At 31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2020	<u><u>1,596</u></u>	<u><u>5</u></u>	<u><u>1,601</u></u>

The right-of-use assets are depreciated over either the useful life of the right-of-use assets or the lease term whichever is the shortest.

Diamond Transmission Corporation Limited

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

9. Investments in subsidiary undertakings

	DGT1 £000's	DGT2 £000's	DTPRBH £000's	DTPGH £000's	DTPWEH £000's	DTUK £000's	TOTAL £000's
At 1 April 2019	84,432	76,831	2,000	-	-	-	163,263
Additions	-	-	-	1	1	15,193	15,195
Disposals	(84,432)	(76,831)	(2,000)	(1)	0	0	(163,264)
Transfers	-	-	-	-	-	-	-
At 31 March 2020	-	-	-	-	1	15,193	15,194

The Company has investments of £1 in each of the following subsidiaries at 31 March 2020:

Diamond Transmission Partners Beatrice (Holdings) Limited

Diamond Transmission Partners Hornsea One (Holdings) Limited

Diamond Transmission Partners East Anglia One (Holdings) Limited

The Company has an investment of \$1 in Diamond Transmission US Corporation

Details of investments in which DTC and DTUK hold directly or indirectly 20% or more of the nominal value of any class of share capital at 31 March 2020 are listed in note 24.

10. Investment in joint venture

	31 March 2020 £000's	31 March 2019 £000's
Cost and net book value:		
50% of the issued share capital in Blue Transmission Investments Ltd	-	13,696
50% of the issued share capital in Diamond Transmission Partners BBE (Holdings) Limited	-	476
50% of the issued share capital in Diamond Transmission Partners Galloper (Holdings) Limited	1	-
	<u>1</u>	<u>14,172</u>

The Company's investments in BTI, DTPBBEH and DTPRB were transferred to DTUK a wholly owned subsidiary of Company on 14 February 2020. The principal activity of DTPGH is to be involved in the offshore electricity transmission business under the long term licence ("Licence") of an offshore transmission owner ("OFTO") provided by the Office of Gas and Electricity Markets ("Ofgem"), in partnership with the Department for Business, Energy & Industrial Strategy of the UK government. The OFTO business owns and manages high voltage offshore transmission systems that connect offshore wind farms to the national grid onshore. As the Company does not have sole control over DTPGH, it is accounted for as joint venture.

Diamond Transmission Corporation Limited

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

10. Investment in joint venture (continued)

The Directors have reviewed the carrying value of the investments at the balance sheet date on the basis of the overall project status as discussed in note 1 and are of the opinion that no provision for impairment is required.

Details of investments in which the Company holds 20% or more of the nominal value of any class of share capital at 31 March 2020 are listed in note 24.

11. Loans receivable from joint venture falling due in more than one year

	31 March 2019 £000's	31 March 2018 £000's
Amounts falling due after more than one year	106,192	72,426
	<u>106,192</u>	<u>72,426</u>

Loan agreements ("Loan Notes") were entered into with BTI dated 21 October 2011 for W1 and 26 September 2012 for W2. The interest rate of the loan to W1 is 7.88% fixed rate plus an interest rate component linked to the movement in the UK retail price index and W2's is 9.9% fixed rate. The repayment from BTI is expected to be received on 31 October 2031 for W1 and on 31 October 2032 for W2. Loan agreements ("Loan Notes") were also entered into with BTI dated 27 June 2013 for SS and 10 September 2013 for LA. The interest rate of the loan for SS is 9.5% fixed rate and LA's is 8.21% fixed rate. Repayment from BTI is expected on 30 June 2033 for SS and 30 September 2033 for LA.

Loan agreements ("Loan Notes") were entered into with DTPBBE on 26 April 2018. The interest rate of the loan is 6.7% fixed rate and repayment is expected on 31 December 2035.

Loan agreements ("Loan Notes") were entered into with DTPRB on 11 October 2019. The interest rate of the loan is 7% fixed rate and repayment is expected on 31 March 2040.

Loan agreements ("Loan Notes") were entered into with DTPG on 27 February 2020. The interest rate of the loan is 6.7% fixed rate and repayment is expected on 30 June 2040.

As at the reporting date, the Company has not provided for any impairment on these balances as there has not been a significant change in credit quality of the borrowers, and there is no objective evidence of events that may impact the future cash flows of the investments. The Directors consider that these amounts are still fully recoverable.

During this year the Company has made a provision mainly on loan receivables from BTI at a rate of 0.03%, which is 12-month default probability based on an internal rating. The movement of the provision can be analysed as follows:

Diamond Transmission Corporation Limited

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

11. Loans receivable from joint venture falling due in more than one year (continued)

	31 March 2020 £000's	31 March 2019 £000's
At 1 April 2019	22	19
Provision for expected credit losses	10	3
	<hr/>	<hr/>
At 31 March 2020	32	22
	<hr/>	<hr/>

12. Deferred tax asset

	31 March 2020 £000's	31 March 2019 £000's
At 1 April 2019	6	8
Provisions	2	2
Capital allowance	(1)	(4)
	<hr/>	<hr/>
At 31 March 2020	7	6
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	31 March 2020 £000's	31 March 2019 £000's
Decelerated capital allowances	1	2
Provision for expected credit losses	6	4
	<hr/>	<hr/>
	7	6
	<hr/>	<hr/>

Diamond Transmission Corporation Limited

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

13. Trade and other receivables

	31 March 2020 £000's	31 March 2019 £000's
Trade receivables from group undertakings	1,495	1,123
Prepayments	110	127
Interest and other receivables from joint ventures	2,538	2,296
Other receivables	2,234	2,817
	<u>6,377</u>	<u>6,363</u>

Trade receivables from group undertakings include advisory fees of £1,116k incurred during the bid processes for OFTO project companies which will be recharged to DTPWE and DTPHO. There are no terms and conditions for this balance. The Directors expect to recharge these costs within one year.

14. Lease Liabilities

	31 March 2020 £000's	31 March 2019 £000's
Current	241	-
Non-current	1,373	-
	<u>1,614</u>	<u>-</u>

A maturity analysis of the lease liabilities is shown below

	31 March 2020 £000's	31 March 2019 £000's
Due within one year	259	-
Due between one and five years	1,355	-
Due in more than five years	-	-
	<u>1,614</u>	<u>-</u>
Unrecognised future finance costs	<u>100</u>	<u>-</u>

Diamond Transmission Corporation Limited

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

15. Amounts due from group undertakings

	31 March 2020 £000's	31 March 2019 £000's
Amounts due from group undertakings under group cash pooling arrangements	24,342	15,714
	<u>24,342</u>	<u>15,714</u>

These amounts due from group undertakings arise from group cash pooling arrangements with MCF in which the Company participates and is repayable on demand.

16. Trade and other payables

	31 March 2020 £000's	31 March 2019 £000's
Payables due to group undertakings	1,072	829
Trade payables	430	193
Accrued expenses	2,742	538
Deferred income due to group undertakings	-	320
Corporation tax	617	437
Value added tax and PAYE	143	29
Amounts due to group undertakings under group cash pooling arrangements	-	1,436
	<u>5,004</u>	<u>3,782</u>

Amounts due to group undertakings under group cash pooling arrangements relate to funds owed to DGT1 and DGT2.

Included within Payables due to group undertakings is group relief of £811k payable to related companies which are under the ultimate common control of MC.

17. Share capital

	31 March 2020 £000's	31 March 2019 £000's
Authorised, Issued and fully paid:		
96,007,033 ordinary shares of £1 each	96,007	96,007
16,700,000 ordinary shares of €1 each	13,308	13,308
13,000,000 ordinary shares of €1 each	9,126	9,126
	<u>118,441</u>	<u>118,441</u>

Diamond Transmission Corporation Limited

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

18. Dividends

Interim ordinary dividends were approved by the Board and paid during the year as follows: -

	31 March 2020 £000's	31 March 2019 £000's
Interim ordinary dividends	232,509	40,343
	<u>232,509</u>	<u>40,343</u>

Interim ordinary dividends of c. €2.02 per ordinary share amounting to €254,000k (£232,509k) were paid during the year to the Company's immediate parent undertaking – MC.

19. Pension Commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £137k (2019: £121k).

20. Commitments and guarantees

On 26 April 2018, the Company entered as a counterparty to a Debt Service Reserve Account Letter of Credit, Consortium Relief Letter of Credit and Alternative Credit Arrangement Letter of Credit in connection with the DTPBBE project. The total renewed amount at the year-end is £9,336. These letters of credit will be renewed bi-annually until further notice.

On 10 October 2019, the Company entered as a counterparty to a Debt Service Reserve Account Letter of Credit and Alternative Credit Arrangement Letter of Credit totalling £12,093k at the year-end in connection with the DTPRB project. These letters of credit will be renewed bi-annually until further notice.

On 27 February 2020, the Company entered as a counterparty to a Debt Service Reserve Account Letter of Credit, Alternative Credit Arrangement Letter of Credit, Third Party Liability Insurance Deductible Letter of Credit and Onshore Decommissioning Letter of Credit totalling £16,220k at the year-end in connection with the DTPG project. These letters of credit will be renewed bi-annually until further notice.

Diamond Transmission Corporation Limited

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

21. Related party transactions

During the year the Company entered into transactions on an arm's length basis, in the ordinary course of business, with the following related parties. The Company held a 50% indirect stake in BTI a company investing in W1, W2, SS and LA. The Company held a 50% indirect stake in DTPBBEH, a company investing in DTPBBE. The Company held a 51% indirect stake in DTPRBH, a company investing in DTPRB. The Company also held a 51% direct stake in DTPGH, a company investing in DTPG

	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	Interest Income £000's	Service Fees £000's	Interest Income £000's	Service Fees £000's
DGT1	-	50	-	53
DGT2	-	44	-	68
DTUK	-	266	-	-
DTUS	-	18	-	-
DTPBBE	554	187	524	459
DTPRB	706	1,344	-	-
DTPG	77	38	-	-
DTPWE	-	20	-	-
DTPHO	-	17	-	-
W1	625	-	642	-
W2	957	-	846	-
SS	912	-	909	-
LA	3,448	-	3,054	-
BTI	-	31	-	35
Total	7,279	2,015	5,975	615

At the balance sheet date, the Company had balances with the following related parties, included in Trade and other receivables.

Diamond Transmission Corporation Limited

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

21. Related party transactions (continued)

	31 March 2020 £000's	31 March 2019 £000's
Mitsubishi Corporation	-	8
DTUK	305	-
DTUS	27	-
DTPRB	742	431
DTPG	99	311
DTPWE	520	329
DGT1	-	15
DGT2	-	19
DTPBBE	151	296
DTPHO	596	-
W1	124	116
W2	216	652
SS	231	227
LA	767	752
BTI	255	261
	<u>4,033</u>	<u>3,417</u>

22. Post balance sheet events

On 6 April 2020, DTC transferred 29% of its shares in Diamond Transmission Partners Walney Extension (Holdings) Limited ("DTPWEH") to Infrastructure Investments OFTO 1 Limited which is a wholly owned subsidiary of Infrastructure Investments Holdings Limited and 20% of its shares to Chubu Electric Power Company Netherlands B.V. This was carried out before financial close of the purchase of offshore transmission systems assets relating to the Walney Extension Offshore Wind Farm project by Diamond Transmission Partners Walney Extension Limited ("DTPWE") (a subsidiary of DTPWEH). Financial close was achieved on 4 June 2020.

23. Ultimate parent company and controlling party

The Company is wholly owned by MC which is incorporated in Japan, and MC is the Company's ultimate parent company and ultimate controlling party. The largest and smallest group into which the Company is consolidated is MC.

The group financial statements of MC are available from its registered office: Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-8086, Japan.

Diamond Transmission Corporation Limited

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

24. Details of investments

Name of Company	Registered office address	Activity	Holding	Proportion of voting rights and shares held by DTC
Diamond Transmission Partners Beatrice (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Dormant	Ordinary Shares	Direct 100%
Diamond Transmission Partners Hornsea One (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Direct 100%
Diamond Transmission Partners East Anglia One (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Direct 100%
Diamond Transmission Partners Walney Extension (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Direct 100%
Diamond Transmission UK Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Direct 100%
Diamond Transmission US Corporation	1209 Ornage Street Wilmington, New Castle County, Delaware; DE 19801, United States of America	Holding Company	Ordinary Shares	Direct 100%
Diamond Transmission Partners Beatrice Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Dormant Company	Ordinary Shares	Indirect 100%
Diamond Transmission Partners Hornsea One Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Non-trading Company	Ordinary Shares	Indirect 100%
Diamond Transmission Partners East Anglia One Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Non-trading Company	Ordinary Shares	Indirect 100%
Diamond Transmission Partners Walney Extension Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Non-trading Company	Ordinary Shares	Indirect 100%

Diamond Transmission Corporation Limited

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

24. Details of investments (continued)

Name of Company	Registered office address	Holding	Holding	Proportion of voting rights and shares held by DTC
Blue Transmission Investments Limited	47 Esplanade, St Helier, Jersey JE1 0BD, Channel Islands	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Walney 1 (Holdings) Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Walney 1 Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 50%
Blue Transmission Walney 2 Investments Limited	47 Esplanade, St Helier, Jersey JE1 0BD, Channel Islands	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Walney 2 (Holdings) Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Walney 2 Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 50%
Blue Transmission Sheringham Shoal Investments Limited	47 Esplanade, St Helier, Jersey JE1 0BD, Channel Islands	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Sheringham Shoal (Holdings) Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Holding Company	Ordinary Shares	Indirect 50%
Blue Transmission Sheringham Shoal Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 50%
Blue Transmission London Array (Holdings) Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Holding Company	Ordinary Shares	Indirect 50%

Diamond Transmission Corporation Limited

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

24. Details of investments (continued)

Name of Company	Registered office address	Holding	Holding	Proportion of voting rights and shares held by DTC
Blue Transmission London Array Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 50%
Diamond Transmission Partners BBE (Holdings) Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Indirect 50%
Diamond Transmission Partners BBE Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 50%
Diamond Transmission Partners RB (Holdings) Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Indirect 51%
Diamond Transmission Partners RB Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Galloper (Holdings) Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Direct 51%
Diamond Transmission Partners Galloper Limited	Midcity Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 51%