

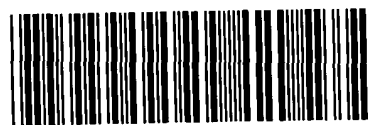
Company Registration No. 08483128

Diamond Transmission Corporation Limited

Annual Report and Financial Statements

For the year ended 31 March 2022

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Diamond Transmission Corporation Limited

Annual Report and Financial Statements for the year ended 31 March 2022

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Diamond Transmission Corporation Limited

Annual Report and financial statements for the year ended 31 March 2022

Officers and professional advisers

Directors

N Kinoshita
S Inano
C Tanno
Y Hayashibara

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Banker

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

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Diamond Transmission Corporation Limited

Strategic report

The Directors present their strategic report for the year ended 31 March 2022 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.

The Company has regional subsidiaries in the UK and the US. 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.

Diamond Transmission US ("DTUS") is a wholly owned subsidiary of DTC, which looks for trade and investment opportunities for the new US transmission business.

Diamond Transmission UK ("DTUK") is a wholly owned subsidiary of DTC. DTUK holds the investments in projects in the UK and has invested in offshore electricity transmission projects in the UK under the long term Offshore transmission owner ("OFTO") license ("License") issued 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 nine assets, with a transmission capacity of 4.4GW in total.

Business review

The Company is engaged in identifying new opportunities for transmission projects.

The Company recognised an indemnification loss of £14,671k (€17,500k) during the current year. The indemnification loss arose in accordance with the Sales & Purchase Agreement for the Company's former German Assets which were sold in March 2020. The Company received a final payment request on 22 March 2022 for the amount of €17,500k. The payment was made on 6 April 2022 after taking an early payment discount of €500k. The payment was accounted for as an adjustment against the original gain on the sale of the former German Assets and the respective amounts are disclosed in note 4 of the financial statements.

On 27 July 2021 the reserve bidder status of Diamond Transmission Partners Beatrice Limited ("DTPB") ended as the project reached financial close. DTPB and its holding company Diamond Transmission Partners Beatrice Holdings Limited ("DTPBH") were dissolved on 30 November 2021.

On 26 July 2021 the Company made an application on behalf of Diamond Transmission Partners East Anglia One Holdings Limited ("DTPEAOH") and Diamond Transmission Partners East Anglia One Limited ("DTPEAO") to strike off these companies from the Companies House register. This was done after a decision was made to not to pursue the tender for this OFTO project. DTPEAO and DTPEAOH were dissolved on 26 October 2021.

Diamond Transmission Corporation Limited

Strategic report (continued)

Financial review and key performance indicators

Financial Indicators

The key financial indicator for the Company is earnings, which refers to the net income after tax.

As shown in the Company's profit and loss account on page 12, the Company's earnings decreased by £41,345k to the loss of £2,664k (2021: profit £38,681k). The main reasons for this net decrease include no business transactions related to the sale of investments this year (2021: £32,591k profit), recognition of a liability for an indemnity payment due in April 2022 of £14,671k (€17,500k) (2021: £nil), which is an adjustment to the original gain on the sale of the Company's former German assets recognised in the year ended 31 March 2020 and dividend income was £5,500k (2021: £nil).

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 of £5,500k from DTUK. The Company paid dividends of £14,000k (2021: £13,000k) to MC.

The Company's net assets have decreased by £16,664k from the prior year due mainly to a £14,671k provision for the indemnity payment which was settled in April 2022, offset by the repayment of the £34,000k short term loan balance in March 2021 settled on 6 April 2021, the reduction in the Pooling Account balance (cash balance) of £33,400k and the reduction in Trade Receivables of £1,400k.

Despite the impact of the large payable in respect of an indemnity on the sale of the former German assets, the Directors consider the results for the year overall to be reasonable. 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.

Non-Financial Indicators

A key non-financial indicator of the Company is to maximise transmission availability by the OFTO investments and exceed the target licence availability of 98%. For the current financial year this was met and in the prior year this exceeded 98%.

As a wholly-owned subsidiary of MC, the group adheres to MC's Three Corporate Principles to inspire us to continually improve the way we address our economic, environmental and social responsibilities. These principles are corporate responsibility to society (*Shoki Hoko*), integrity and fairness (*Shoji Komei*) and global understanding through business (*Ritsugyo Boeki*).

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.

Principal risks and uncertainties and financial risk management objectives and policies

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 continued to proactively execute 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 continued to engage closely with its related partners, which are critical to the management and successful operation of the Company's operations and investments.

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.

Diamond Transmission Corporation Limited

Strategic report (continued)

Principal risks and uncertainties and financial risk management (continued)

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.

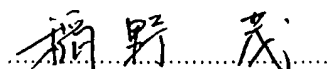
Interest rate risk

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.

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:



Shigeru Inano
CEO and Managing Director
15 September 2022

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 2022.

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:

O Yoshida (resigned 30 April 2022)
Y Hayashibara (appointed 1 May 2022)
C Tanno
S Inano
N Kinoshita

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 to provide appropriate cover for their reasonable actions on behalf of the Company. Directors' and officers' Liability and Company Reimbursement insurance cover has been established for all Directors and a deed was executed in February 2022 indemnifying each of the Directors of the Company and/or its subsidiaries and associates as a supplement to the directors' and officers' insurance cover. Such indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, remain 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 (2021: £nil).

Dividends

Details of dividends paid during the year are given in note 25 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.

Post balance sheet events

On 21 April 2022, as part of seeking new investment opportunities the Company incorporated the following companies which are all wholly owned by the Company; *Diamond Transmission Partners Hornsea Two Holdings Limited* ("DTPHTH") which wholly owns *Diamond Transmission Partners Hornsea Two Limited* ("DTPHT"), its operating company.

Diamond Transmission Corporation Limited

Directors' report (continued)

Auditor

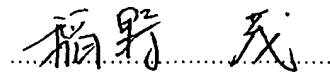
Each of the persons who is a director at the date of approval of this report confirms that:

- 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:



Shigeru Inano
CEO and Managing Director
15 September 2022

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; 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

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Diamond Transmission Corporation Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss 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 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 31.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

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

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
15 September 2022

Diamond Transmission Corporation Limited

Profit and loss account For the year ended 31 March 2022

	Notes	31 March 2022 £000's	31 March 2021 £000's
Revenue		1,038	1,820
Administrative expenses	2	(3,693)	(3,737)
Operating loss		(2,655)	(1,917)
Interest receivable and similar income	3	10,653	9,377
Indemnity loss	4	(14,671)	-
Loss on disposal of assets	5	(6)	-
Finance costs		(6)	(40)
Exchange loss		(201)	(65)
Gain on right of use asset	6	-	16
Fair value gain/(loss) on derivatives	7	284	(172)
Dividend income from group undertakings	8	5,500	-
Movements on provisions for expected credit losses	9	1	(11)
Profit from sale of investments	10	-	32,591
(Loss)/profit before tax		(1,101)	39,779
Tax charge on (Loss)/profit	12	(1,563)	(1,098)
(Loss)/profit and total comprehensive income	11	(2,664)	38,681

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 (2021: £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 2022

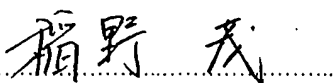
	Notes	31 March 2022 £000's	31 March 2021 £000's
Non-current assets			
Property, plant and equipment	13	184	207
Right of use assets	14	559	663
Investment in subsidiary undertakings	15	15,593	15,443
Loans receivable from group undertakings	16	140,187	141,083
Derivative asset	17	4,968	4,684
Deferred tax assets	18	-	11
		<u>161,491</u>	<u>162,091</u>
Current assets			
Trade and other receivables	19	4,272	5,271
Amounts due from group undertakings	20	8,971	42,411
		<u>13,243</u>	<u>47,682</u>
Total assets		<u>174,734</u>	<u>209,773</u>
Current liabilities			
Lease liabilities	21	(147)	(24)
Payables due to group undertakings	23	(2,473)	(1,493)
Short term borrowings due to group undertakings	22	-	(34,000)
Corporation tax	23	(114)	(219)
Other current liabilities	23	(15,352)	(607)
		<u>(18,086)</u>	<u>(36,343)</u>
Net current (liabilities)/assets		<u>(4,843)</u>	<u>11,339</u>
Total assets less current liabilities		<u>156,648</u>	<u>173,430</u>
Non-current liabilities			
Lease liabilities	21	(515)	(645)
Deferred tax	18	(12)	-
		<u>(527)</u>	<u>(645)</u>
Net assets		<u>156,121</u>	<u>172,785</u>
Equity			
Share capital	24	118,441	118,441
Retained earnings		37,680	54,344
Equity attributable to owners of the Company		<u>156,121</u>	<u>172,785</u>

Diamond Transmission Corporation Limited

Balance sheet

As at 31 March 2022

The Financial Statements of Diamond Transmission Corporation Limited (company registration number: 08483128) were approved by the Board of Directors and authorised for issue on 15 September 2022. They were signed on its behalf by:



Shigeru Inano
CEO & Managing Director

Diamond Transmission Corporation Limited

Statement of changes in equity For the year ended 31 March 2022

	Share capital £000's	Retained earnings £000's	Total £000's
Balance at 1 April 2020	118,441	28,663	147,104
Dividends Paid (Note 25)	-	(13,000)	(13,000)
Profit for the year and total comprehensive income	-	38,681	38,681
Balance at 31 March 2021	118,441	54,344	172,785
Balance at 1 April 2021	118,441	54,344	172,785
Dividends Paid (Note 25)	-	(14,000)	(14,000)
Loss for the year	-	(2,664)	(2,664)
Balance at 31 March 2022	118,441	37,680	156,121

Diamond Transmission Corporation Limited

Notes to the financial statements For the year ended 31 March 2022

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 IAS 7 preparing a cash flow statement and related notes, IFRS 7 financial instruments, IAS 1 comparative information and capital management, IAS 8 IFRS issued but not yet effective, IFRS 15 revenue, IFRS 16 leases and IAS 24 related party transactions disclosures. 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 30.

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 UK to comply with the Companies Act 2006 that are mandatorily effective for an accounting period that begins on or after 1 April 2021. These amendments had no material impact on the Company's financial statements in the current financial year.

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 ("MCF"), Mitsubishi Corporation's European finance company. The Company owed approximately £2,202k to MCF at the date of approval of the financial statements. This is as a result of the Company using the overdraft facility as part of a short term financing facility with MCF.

The directors have considered forecasts for both the Company and its direct and indirect investees taking account of the current market conditions and the short term deficit, 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 2022

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 £8.97m arising from this cash pooling arrangement, which is equivalent to the cash at bank position of the Company.

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 profit and loss.

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.

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 investments is recognised when the Company's right to receive payment has been established.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

1. Accounting policies (continued)

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

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.

Derivative financial instruments are measured at fair value through profit and loss and where the fair value of a derivative is positive, it is carried as a derivative asset and where negative, as a derivative liability. Gains and losses arising from the changes in fair value are included in profit and loss in the period they arise

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.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

1. Accounting policies (continued)

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.

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 applies IFRS 16 'Leases'.

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.

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 profit and loss so as to depreciate the right-of-use asset on a straight line basis from the date of commencement of the lease, 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 profit and loss 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 the balance sheet and are charged to profit and loss when incurred. Low-value assets are determined based on quantitative criteria.

Critical accounting judgements and key source of estimation uncertainty

In applying the Company's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

1. Accounting policies (continued)

Critical accounting judgements and key source of estimation uncertainty (continued)

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.

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 £15,593k (2021: £15,443k) and its subordinated loan balances, which are included in the balance sheet at £140,230k (2021: £141,126k). 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 nine offshore transmission owners ("OFTOs") assets, Walney 1 ("BTW1"), Walney 2 ("BTW2"), Sheringham Shoal ("BTSS"), London Array ("BTLA"), Burbo Bank Extension ("DTPBBE"), Race Bank ("DTPRB"), Galloper ("DTPG"), Walney Extension ("DTPWE") and Hornsea One ("DTPHO").

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 16 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.

Key sources of estimation uncertainty

There were no key estimates.

2. Administrative expenses

	31 March 2022 £000's	31 March 2021 £000's
Management and service fees	436	452
Legal and professional fees	994	861
Other operating expenses	2,264	2,424
	<u>3,694</u>	<u>3,737</u>

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

2. Administrative expenses (continued)	31 March 2022	31 March 2021
	No.	No.
Average number of persons employed during the year:		
Directors	4	4
Technical and commercial staff	7	7
Administrative staff	2	2
Financial staff	7	7
	<u>20</u>	<u>20</u>
Employee costs:	31 March 2022 £000's	31 March 2021 £000's
Wages and salaries	1,361	1,321
Social security costs	170	164
Pension costs (see note 26)	179	170
	<u>1,710</u>	<u>1,655</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 and are not members of the Company pension scheme. 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. Interest receivable and similar income	31 March 2022 £000's	31 March 2021 £000's
Group interest receivable	10,648	9,373
Other interest receivable	5	4
	<u>10,653</u>	<u>9,377</u>

Diamond Transmission Corporation Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

4. Indemnity Loss

	31 March 2022 £000's	31 March 2021 £000's
Indemnity Loss arising from disposal of Investment in DGT1 & DGT2	14,671	-
	<u>14,671</u>	<u>-</u>

The Company recognised an indemnification loss of £14,671k (€17,500k) during the current year. The indemnification loss arose in accordance with the Sales & Purchase Agreement for the Company's former German Assets which were sold in March 2020. The Company received a final payment request on 22 March 2022 for the amount of €17,500k. The payment was made on 6 April 2022 after taking an early payment discount of €500k. The payment was accounted for as an adjustment against the original gain on the sale of the former German Assets.

5. Loss on Disposal of Asset

	31 March 2022 £000's	31 March 2021 £000's
Loss on disposal of assets	6	-
	<u>6</u>	<u>-</u>

DTC wrote off the office renovation costs related to the old DTC office as the Company has since moved into new offices.

6. Gain on right of use asset

	31 March 2022 £000's	31 March 2021 £000's
De-recognition of right of use asset	-	16
	<u>-</u>	<u>16</u>

On 15 March 2021 the Company moved offices and terminated its previous rental agreement, derecognising the right of use asset and the associated lease liability.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

7. Fair value gain/(loss) on derivatives

	31 March 2022 £000's	31 March 2021 £000's
Unrealised fair value gain/(loss) on call option	285	(172)
	<u>285</u>	<u>(172)</u>

As part of the sale of the shares of DTPHOH, DTC entered into a call option arrangement with MHC Infrastructure UK Limited whereby DTC has a call option over the shares of DTPHOH. The call option is re-measured at fair value at each financial reporting date with the gains and losses on re-measurement being recognised in profit and loss. Please see note 17 for further information about the call option.

8. Dividend income from group undertakings

	31 March 2022 £000's	31 March 2021 £000's
DTUK	5,500	-
	<u>5,500</u>	<u>-</u>

9. Movements on provisions for expected credit losses

	31 March 2022 £000's	31 March 2021 £000's
Movements on provisions for expected credit losses	(1)	11
	<u>(1)</u>	<u>11</u>

The Company accounts for provision for expected credit losses on financial assets recorded at amortised cost in accordance with the requirements of IFRS 9.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

10. Profit from sale of investments

	31 March 2022 £000's	31 March 2021 £000's
Profit on sale of investment in DTPWE	-	5,090
Profit on sale of investment in DTPHO	-	27,501
	<u>-</u>	<u>32,591</u>

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 Trafalgar Limited and 20% of its shares to Chubu Electric Power Company Netherlands BV, a wholly owned subsidiary of Chubu Electric Power Co., Inc. DTC transferred 49% of its shares in Diamond Transmission Partners Hornsea One (Holdings) Limited ("DTPHOH") to Chubu Electric Power Company Netherlands BV, a wholly owned subsidiary of Chubu Electric Power Co., Inc. and 31% of its shares to MHC Infrastructure UK Limited, a wholly owned subsidiary of Mitsubishi HC Capital Inc.

11. Profit for the year and total comprehensive income

	31 March 2022 £000's	31 March 2021 £000's
<i>Profit for the year has been arrived at after charging:</i>		
Exchange loss	201	65
Depreciation of right of use assets	127	244
Depreciation of owned property, plant and equipment	59	25
Change in the provision for expected credit losses	(1)	11
Auditor's remuneration (refer to analysis below)	52	57
	<u>52</u>	<u>57</u>

Auditor's remuneration can be analysed as follows:

Statutory audit of the Company's financial statements	52	39
Statutory audit of the Company's subsidiaries' financial statements	-	15
Other services in relation to tax compliance		3
	<u>52</u>	<u>57</u>

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

12. Taxation

(a) Tax charge on (loss)/profit:

The composition of the net taxation charge for the year is described below.

	31 March 2022 £000's	31 March 2021 £000's
Current tax	1,540	1,102
Deferred taxation current year	23	(4)
Tax charge on profit	<u>1,563</u>	<u>1,098</u>

(b) Factors affecting current tax charge

	31 March 2022 £000's	31 March 2021 £000's
(Loss)/Profit before taxation	<u>(1,101)</u>	<u>39,779</u>
(Loss)/Profit multiplied by the standard rate of corporation tax in the UK at 19% (2021: 19%)	(209)	7,558
Effects of:		
Tax credit	209	-
Income not chargeable for tax purposes	(1,045)	(6,192)
Expenses not deductible for tax purposes	2,784	44
Deferred taxation current year	23	(4)
Adjustments in respect of prior year	93	(29)
Accelerated capital allowances	3	(2)
Consortium relief	(190)	(190)
Group relief	(105)	(87)
Total tax charge on profit	<u>1,563</u>	<u>1,098</u>

(c) Rates of taxation - current and future years

The Finance Act 2021 was enacted on 10 June 2021 to maintain the corporation tax rate at 19% for the financial year ending 31 March 2022 with a further increase to the main rate of corporation tax to 25% from 1 April 2023.

The carrying value of the deferred taxation balances included in these financial statements at 31 March 2022 and 2021 has been calculated at 25% and 19%, respectively.

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 2022

13. Property, plant and equipment

	Software £000's	Leasehold building structures £000's	Furniture, fixtures & equipment £000's	Total £000's
Cost				
At 1 April 2021	12	257	112	381
Additions	-	42	-	42
Disposals	-	(73)	(6)	(79)
At 31 March 2022	<u>12</u>	<u>226</u>	<u>106</u>	<u>344</u>
Depreciation				
At 1 April 2021	3	68	103	174
Charge for the year	4	49	6	59
Disposals	-	(67)	(6)	(73)
At 31 March 2022	<u>7</u>	<u>50</u>	<u>103</u>	<u>160</u>
Net book value				
At 31 March 2021	<u>9</u>	<u>189</u>	<u>9</u>	<u>207</u>
At 31 March 2022	<u>5</u>	<u>176</u>	<u>3</u>	<u>184</u>

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

14. Right of use assets

	Building structures £000's	Furniture, fixture and equipment £000's	Total £000's
Cost			
At 1 April 2021	668	9	677
Additions	<u>10</u>	<u>13</u>	<u>23</u>
At 31 March 2022	<u>678</u>	<u>22</u>	<u>700</u>
Depreciation			
At 1 April 2021	6	8	14
Charge for the year	<u>122</u>	<u>5</u>	<u>127</u>
At 31 March 2022	<u>128</u>	<u>13</u>	<u>141</u>
Net book value			
At 31 March 2021	<u>662</u>	<u>1</u>	<u>663</u>
At 31 March 2022	<u>550</u>	<u>9</u>	<u>559</u>

The company has a rental agreement for the Company's office for 5 years and a rental agreement for the use of a photocopier for 3 years.

The cash out-flow on lease liabilities during the year was £32k (2021: £318k).

Amounts recognised in the profit and loss:

	31 March 2022 £000's	31 March 2021 £000's
Depreciation expense on right of use assets	127	244
Interest expense on lease liabilities	5	25

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 2022

15. Investments in subsidiary undertakings at cost

	DTUK £'000's	DTUS £'000's	Total £'000's
Cost and net book value			
At 1 April 2021	15,194	249	15,443
Additions	-	150	150
At 31 March 2022	<u>15,194</u>	<u>399</u>	<u>15,593</u>

During the year the Company disposed of its investments of £1 in each of the following subsidiaries at 31 March 2022:

Diamond Transmission Partners Beatrice (Holdings) Limited

Diamond Transmission Partners East Anglia One (Holdings) Limited

Details of investments in which DTC and DTUK hold directly or indirectly any class of share capital at 31 March 2022 are listed in note 31.

16. Loans receivable from group undertakings falling due in more than one year

	31 March 2022 £000's	31 March 2021 £000's
Amounts falling due after more than one year	140,187	141,083
	<u>140,187</u>	<u>141,083</u>

Loan agreements ("Loan Notes") were entered into with BTI dated 21 October 2011 for BTW1 and 26 September 2012 for BTW2. The interest rate of the loan to BTW1 is 7.88% fixed rate plus an interest rate component linked to the movement in the UK retail price index and BTW2's is 9.9% fixed rate. The repayment from BTI is expected to be received on 31 October 2031 for BTW1 and on 31 October 2032 for W2. Loan agreements ("Loan Notes") were also entered into with BTI dated 27 June 2013 for BTSS and 10 September 2013 for BTLA. The interest rate of the loan for BTSS is 9.5% fixed rate and BTLA's is 8.21% fixed rate. Repayment from BTI is expected on 30 June 2033 for BTSS and 30 September 2033 for BTLA.

Loan agreements ("Loan Notes") were entered into with DTPBBE on 26 April 2018. The interest rate of the loan is 6.7% (2021: 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% (2021: 7%) fixed rate and repayment is expected on 31 March 2040.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

16. Loans receivable from group undertakings falling due in more than one year (continued)

Loan agreements ("Loan Notes") were entered into with DTPG on 27 February 2020. The interest rate of the loan is 7% (2021: 7%) fixed rate and repayment is expected on 30 June 2040.

Loan agreements ("Loan Notes") were entered into with DTPWE on 2 June 2020. The interest rate of the loan is 6.8% (2021: 6.8%) fixed rate and repayment is expected on 30 September 2040.

Loan agreements ("Loan Notes") were entered into with DTPHO on 2 March 2021. The interest rate of the loan is 6.5% (2021: 6.5%) fixed rate and repayment is expected on 30 June 2046.

As at the reporting date, the Company has not provided for any specific 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 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:

	2022 £000's	2021 £000's
At 1 April	43	32
Movements on provisions for expected credit losses	(1)	11
At 31 March	<u>42</u>	<u>43</u>

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

17. Derivative asset

	2022 £000's	2021 £000's
At 1 April	4,684	4,856
Unrealised fair value loss	284	(172)
At 31 March	<u>4,968</u>	<u>4,684</u>

As part of the sale of the shares of DTPHOH, DTC entered into a call option arrangement with MHC Infrastructure UK Limited whereby DTC has the right but not the obligation to purchase the shares of DTPHOH in the year ending 31 March 2046. The call option is re-measured at fair value at each financial reporting date with the gains and losses on re-measurement being recognised in profit and loss.

The call option is classified as Level 3 in the IFRS 13 fair value hierarchy as it is not traded on an active market and its valuation incorporates significant unobservable assumptions. The Company has estimated the option's fair value using valuation techniques which incorporate as much observable market data as is available, supplementing that information with unobservable data where appropriate to support conclusions.

The call option has been valued based on the option's intrinsic value, that is the difference between the expected value of DTPHOH's equity at the date at which the option is expected to be exercised and the strike price of the option, discounted to take into account the time value of money and the impact of credit risk. The impact of volatility and other extrinsic factors on the option valuation is not significant.

The value of DTPHOH's equity at the date at which the option is expected to be exercised has been valued based on a discounted cash flow analysis based on the approved OFTO project model. The most significant assumptions in valuing DTPHOH's equity are the residual value of the project beyond the expiry of the OFTO license period, the cost of decommissioning the project and tax benefits of the project.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

18. Deferred tax asset/(liability)

	2022 £000's	h 2021 £000's
At 1 April	11	6
Provisions	3	8
Prior year adjustment	(19)	-
Capital allowance	(7)	(3)
At 31 March	<u>(12)</u>	<u>11</u>

The deferred tax (liability)/asset is made up as follows:

	31 March 2022 £000's	31 March 2021 £000's
Decelerated capital allowances	(23)	3
Provision for expected credit losses	11	8
	<u>(12)</u>	<u>11</u>

19. Trade and other receivables

	31 March 2022 £000's	31 March 2021 £000's
Trade receivables from group undertakings	567	2,026
Prepayments	71	30
Interest and other receivables from joint ventures	2,710	2,521
Other receivables	924	694
	<u>4,272</u>	<u>5,271</u>

Trade receivables from group undertakings include management and finance support fees for group project companies. The receivables from group undertakings are to be settled by cash within the agreed terms of the invoice.

20. Amounts due from group undertakings

	31 March 2022 £000's	31 March 2021 £000's
Amounts due from group undertakings under group cash pooling arrangements	8,971	42,411
	<u>8,971</u>	<u>42,411</u>

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

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

21. Lease liabilities

	31 March 2022 £000's	31 March 2021 £000's
Current	147	24
Non-current	515	645
	<u>662</u>	<u>669</u>

A maturity analysis of the lease liabilities is shown below

	31 March 2022 £000's	31 March 2021 £000's
Due within one year	147	24
Due between one and five years	515	645
	<u>662</u>	<u>669</u>
Unrecognised future finance costs	<u>12</u>	<u>28</u>

22. Short term borrowings due to group undertakings

	31 March 2022 £000's	31 March 2021 £000's
Short term borrowings	-	34,000
	<u>-</u>	<u>34,000</u>

DTC entered into a short term borrowing arrangement with MCF whereby on 22 February 2021 £51m was borrowed at a floating interest rate GBP-LIBOR BBA plus a margin of 0.25% p.a. On 22 March 2021 £17m was repaid and the final amount of £34m was repaid on 6 April 2021.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

23. Trade and other payables

	31 March 2022 £000's	31 March 2021 £000's
Payables due to group undertakings	2,473	1,493
Trade payables	31	99
Indemnity payable	14,869	-
Accrued expenses	409	315
Corporation tax	114	219
Other taxation and social security	43	193
	<u>17,939</u>	<u>2,319</u>

Included within Payables due to group undertakings is group relief of £2,164k (2021: £1,451k) payable to related companies which are under the ultimate common control of MC. The payables due to group undertakings are to be settled in cash within the agreed terms of the invoice.

The Indemnity payable is the amount due of €17.5 million, as explained under "Business review" in the Strategic Report.

24. Share capital

	31 March 2022 £000's	31 March 2021 £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>

25. Dividends

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

	31 March 2022 £000's	31 March 2021 £000's
Interim ordinary dividends	14,000	13,000
	<u>14,000</u>	<u>13,000</u>

Interim ordinary dividends of c. £0.11 per ordinary share amounting to £14,000k (2021: c. £0.11 per ordinary share amounting to £13,000k) were paid during the year to the Company's immediate parent undertaking – MC.

Diamond Transmission Corporation Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

26. 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 £179k (2021: £170k).

27. 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 £7,748k. 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 £13,840k 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 £15,510k at the year-end in connection with the DTPG project. These letters of credit will be renewed bi-annually until further notice.

On 2 June 2020, the Company entered as a counterparty to a Debt Service Reserve Account Letter of Credit, Alternative Credit Arrangement Letter of Credit totalling £9,748k at the year-end in connection with the DTPWE project. These letters of credit will be renewed bi-annually until further notice.

On 23 February 2021, the Company entered as a counterparty to a Debt Service Reserve Account Letter of Credit, Alternative Credit Arrangement Letter of Credit totalling £4,714k at the year-end in connection with the DTPHO 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 2022

28. 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 BTW1, BTW2, BTSS and BTLA. 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 held a 51% indirect stake in DTPGH, a company investing in DTPG. The Company held a 40% indirect stake in DTPWEH, a company investing in DTPWE. The Company also held a 20% indirect stake in DTPHOH, a company investing in DTPHO. The Company paid a dividend to its parent company MC as set out in more detail in note 25.

	Relationship	31 March 2022	31 March 2022	31 March 2021	31 March 2021
		Interest Income £000's	Service Fees £000's	Interest Income £000's	Service Fees £000's
DGE	Group company	-	-	-	2
MC	Parent company	-	1	-	18
DTUK	Subsidiary	-	997	-	1,229
DTUS	Subsidiary	-	38	-	84
DTP	Joint Venture	5,175	2	3,964	487
BT	Joint Venture	5,463	-	5,404	-
Total		10,638	1,038	9,368	1,820

At the balance sheet date, the Company had balances with the following related parties, included in Trade and other receivables and (payables) due to group undertakings.

	Relationship	Receivable 31 March 2022 £000's	Payable 31 March 2022 £000's	Receivable 31 March 2021 £000's	Payable 31 March 2022 £000's
DTUK	Subsidiary	286	-	361	-
DTUS	Subsidiary	6	-	20	-
DTP	Joint Venture	1,407	(165)	2,585	-
BT	Joint Venture	1,578	--	1,581	-
		3,227	(165)	4,547	-

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) **For the year ended 31 March 2022**

29. Post balance sheet events

On 21 April 2022, as part of seeking new investment opportunities the Company incorporated the following companies which are all wholly owned by the Company; Diamond Transmission Partners Hornsea Two Holdings Limited ("DTPHTH") which wholly owns Diamond Transmission Partners Hornsea Two Limited ("DTPHT"), its operating company.

30. Ultimate parent company and controlling party

The Company is wholly owned by MC which is incorporated in Japan, and MC is the Company's immediate and ultimate parent company and ultimate controlling party. The largest and smallest group into which the Company is consolidated is headed by 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 2022

31. Details of investments

Name of Company	Registered office address	Activity	Holding	Proportion of voting rights and shares held by DTC
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%
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%

Diamond Transmission Corporation Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

Name of Company	Registered office address	Activity	Holding	Proportion of voting rights and shares held by DTC
Blue Transmission London Array (Holdings) Limited	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Holding Company	Ordinary Shares	Indirect 50%
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	Mid City Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Indirect 50%
Diamond Transmission Partners BBE Limited	Mid City Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 50%
Diamond Transmission Partners RB (Holdings) Limited	Mid City Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Indirect 51%
Diamond Transmission Partners RB Limited	Mid City Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Galloper (Holdings) Limited	Mid City Place 71 High Holborn, London, WC1V 6BA	Holding Company	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Galloper Limited	Mid City Place 71 High Holborn, London, WC1V 6BA	Offshore transmission	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Walney Extension (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Walney Extension Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 51%
Diamond Transmission Partners Hornsea One (Holdings) Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Holding Company	Ordinary Shares	Indirect 20%
Diamond Transmission Partners Hornsea One Limited	Mid City Place, 71 High Holborn, London WC1V 6BA, United Kingdom	Offshore transmission	Ordinary Shares	Indirect 20%