UK Green Investment Gwynt Y Mor Limited

Audited Financial Statements for the year ended 31 March 2021

Registered company number 09672892

Content

General Information

Company name & registered number	UK Green Investment Gwynt Y Mor Limited. 09672892
Registered office	18 St Swithin's Lane London, EC4N 8AD United Kingdom
Directors	K Smith D Tilstone
Company Secretary	Dominic Tan Alter Domus (UK) Limited
Auditor of the Company	**Ernst & Young LLP** 25 Churchill Place Canary Wharf London E14 5EY United Kingdom
Administrator of the Company	**J.P. Morgan Chase Bank, N.A.** 25 Bank Street Canary Wharf London E14 5JP United Kingdom

Strategic Report

The Directors present their strategic report for the year ended 31 March 2021.

Business Review
The principal activity of UK Green Investment Gwynt Y Mor Limited (the Company) is investing in UK Green Investment GYM Participant Limited (GIGP Ltd).

The results for the year are shown in the Statement of Comprehensive Income on page 8 of the financial statements. The total comprehensive income for the year was £12,478,629 (2020: £10,214,427 expense) of which £1,419,142 (2020: £20,912,302 loss in the fair value) was attributable to a loss in the fair value of the Company's investment.

The financial position of the Company as at 31 March 2021 is provided on page 9 of the financial statements. The net assets position at the year was £60,138,126 (2020: £61,549,497).

Principal Risks and Uncertainties
The principal risk and uncertainty facing the business is that average wind speeds fall significantly below expectations which would have a negative impact on investment income and value. The Company's operations expose it to a variety of other financial risks which are set out in note 11 to the financial statements.

The impact of coronavirus disease 2019 ("COVID 19") on the company and their operations can be found in note 2 (b) I of the financial statements.

Key performance indicators

Given the nature of the business, the Company's directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and profit.

Management believe that UK Green Investment Gwynt Y Mor Limited has performed strongly against these KPIs.

Financial risk management

The Company's operations expose it to a variety of financial risks which are set out in note 11 to the financial statements.

Future Plans

The entity's future plans are to continue as a holding company and has no current expectations to make further investments.

Approved by the Board on 16 July 2021 and signed on its behalf by

Karl Smith
Director

Directors' Report

The Directors present their report and the financial statements for the year ended 31 March 2021.

Background and general information

The Company was incorporated on 06 July 2015. The Company owns a 100% interest in GIGP Ltd. which further has a 10% stake in the Joint Venture Project ("Project"). The project is an un-incorporated joint venture between RWE Innogy GmbH ("Innogy"), Stadtwerke München ("SWM"), Macquarie GIG Renewable Energy Fund 1 (the "Fund") and Macquarie GIG Renewable Energy Fund 2.

The Company is owned by Macquarie GIG Renewable Energy Fund 1 L.P. (41.49%), Macquarie GIG Renewable Energy Fund 1 B L.P. (25.47%) and Macquarie GIG Renewable Energy Fund 1 C L.P. (33.04%), which constitute the Fund. The Fund is managed by Green Investment Group Management Limited ("GIGML", "Manager"), a subsidiary of Macquarie Asset Management UK Holdings No.2 Limited, whose ultimate parent is Macquarie Group Limited.

Directors' responsibilities statement

The Directors are responsible for preparing the directors' report and 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IAS"). 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards;
- 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 proper accounting records which 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 2006 Companies Act;
- safe guarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Directors have fully considered the risks and uncertainties of the Company's cash flow forecasts and projections, taking account of reasonable possible changes in average wind speeds.

On this basis, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the next 12 months from the approval of the financial statements. Thus, they have adopted the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis and the impact of COVID 19 on the company and their operations can be found in note 2 (b) I of the financial statements.

Directors' Report (continued)

Disclosure of information to auditor

At the date the directors' report is approved, each Director in office confirms that:

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

Dividends

During the year to 31 March 2021 dividends of £13,890,000 (2020: £10,700,000) were made. An interim dividend of £1,296,474 (2020: £3,500,000) was paid after the year end.

Directors of the Company

The Directors who were in office during the year and up to the date of signing of the financial statements were as follows:

Karl Smith

David Tilstone

Company Secretary

Dominic Tan

Alter Domus (UK) Limited

Auditors

Ernst & Young LLP, London, has expressed its willingness to accept re-appointment as auditors of the Company in accordance with Section 487 (2) of the Companies Act 2006.

Approved by the Board on 16 July 2021 and signed on its behalf by

Karl Smith
Director
16 July 2021

Independent Auditor's Report to the members of the UK Green Investment Gwynt Y Mor Limited

Opinion

We have audited the financial statements of UK Green Investment Gwynt y Mor Limited (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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 with the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of the UK Green Investment Gwynt Y Mor Limited (continued)

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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on pages 3 to 4, 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.

Independent Auditor's Report to the members of the UK Green Investment Gwynt Y Mor Limited (continued)

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006), the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom.

- We understood how the Company is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing board meeting minutes.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of internal controls and by designating the valuation of investments as a significant and fraud risk. We tested specific transactions reconciling to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. We tested the unquoted investments by reconciling significant inputs to external source documentation and engaged internal valuation specialists to perform analysis on the valuation methodology.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations with a particular focus on investment valuations and the complex and material judgements involved.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Ernst + Young LLP

Ahmer Huda (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London
Date: 20 July 2021

Statement of Comprehensive Income

	Note	1 April 2020 to 31 March 2021	1 April 2019 to 31 March 2020
Income			
Dividend income from investment	5	13,900,000	10,700,000
Interest income on loan to investment	5	5,304,062	5,318,594
Total income		**19,204,062**	**16,018,594**
Expenses			
Decrease in fair value of financial assets at fair value through profit or loss	3	(1,419,142)	(20,912,302)
Administrative expenses	4	(1,229)	(1,122)
Interest expense on shareholder loans	5	(5,305,062)	(5,319,597)
Total expenses		**(6,725,433)**	**(26,233,021)**
Profit/(Loss) for the year		**12,478,629**	**(10,214,427)**
Taxation	6	-	-
Total comprehensive income/(loss)		**12,478,629**	**(10,214,427)**

The profits and losses in the year were from continuing operations and wholly attributable to the owners of the Company.

There was no other comprehensive expense in the year.

The accompanying notes from pages 12 to 24 form an integral part of these financial statements.

Statement of Financial Position

	Note	31 March 2021	31 March 2020
Assets			
Current assets			
Cash and cash equivalents		95,526	87,716
Receivables	7	101,700	101,701
Total current assets		**197,226**	**189,417**
Non-current assets			
Financial assets at fair value through profit or loss	3	192,758,536	194,177,678
Total non-current assets		**192,758,536**	**194,177,678**
Total assets		**192,955,762**	**194,367,095**
Liabilities			
Non-current liabilities			
Loans from shareholders	5	132,626,553	132,626,553
Current liabilities			
Payables	8	97,805	96,873
Withholding tax payable		93,278	94,172
Total current liabilities		**191,083**	**191,045**
Total liabilities		**132,817,636**	**132,817,598**
Net assets attributable to shareholders		**60,138,126**	**61,549,497**
Equity			
Share capital	9	1,981,734	1,981,734
Share premium	9	4,042,318	4,042,318
Retained earnings		54,114,074	55,525,445
Total shareholders' equity		**60,138,126**	**61,549,497**

The accompanying notes from pages 12 to 24 form an integral part of these financial statements.

Approved by the Board on 16 July 2021 and signed on its behalf by:

Director

Company registration number: 09672892

Statement of Changes in Equity

31 March 2021	Issued Share Capital	Share Premium	Retained Earning	Total
Equity as at 31 March 2020	**1,981,734**	**4,042,318**	**55,525,445**	**61,549,497**
Profit for the year	-	-	12,478,629	12,478,629
Distribution to shareholders	-	-	(13,890,000)	(13,890,000)
Equity as at 31 March 2021	**1,981,734**	**4,042,318**	**54,114,074**	**60,138,126**

31 March 2020	Issued Share Capital	Share Premium	Retained Earning	Total
Equity as at 31 March 2019	**1,981,734**	**4,042,318**	**76,439,872**	**82,463,924**
Loss for the year	-	-	(10,214,427)	(10,214,427)
Distribution to shareholders	-	-	(10,700,000)	(10,700,000)
Equity as at 31 March 2020	**1,981,734**	**4,042,318**	**55,525,445**	**61,549,497**

The accompanying notes from pages 12 to 24 form an integral part of these financial statements.

Statement of Cash Flows

	Note	1 April 2020 to 31 March 2021	1 April 2019 to 31 March 2020
Cash flows from operating activities			
Operating profit/(loss)		12,478,629	(10,214,427)
Adjustments for:			
Unrealised loss on investment	3	1,419,142	20,912,302
Interest expense on shareholder loans	5	5,305,062	5,319,597
Net cash from operating activities		**19,202,833**	**16,017,472**
Cash flows from financing activities			
Shareholder loan interest paid (net of withholding tax)		(4,953,523)	(4,967,094)
Withholding tax on shareholder loan interest		(351,500)	(350,539)
Dividends paid to shareholders	10	(13,890,000)	(10,700,000)
Net cash used in financing activities		**(19,195,023)**	**(16,017,633)**
Net increase/(decrease) in cash and cash equivalents		**7,810**	**(161)**
Cash and cash equivalents at the beginning of the year		**87,716**	**87,877**
Cash and cash equivalents at the end of the year		**95,526**	**87,716**

The accompanying notes from pages 12 to 24 form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

UK Green Investment Gwynt Y Mor Limited ("the Company") is a private limited company domiciled in England. The address of its registered office is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

2. Accounting policies

(a) Basis of preparation

These financial statements include the stand-alone results of the Company for the year ended 31 March 2021. The financial statements have been prepared on a going concern basis and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IAS").

The Directors have considered the impact of COVID-19 on the financial statements and, this is discussed in the 'Critical accounting estimates, assumptions and judgements' section.

These financial statements have been prepared on the historical cost basis except for financial instruments at fair value through the profit or loss (FVTPL), which are valued at fair value. The directors consider this accounting treatment to be appropriate as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

The Company has taken advantage of the exemption from applying the equity method to account for its investment in associate given in International Accounting Standard (IAS) 28 section 17. The conditions required to be met to qualify for this exemption are:

- its owners have been informed about, and do not object to, the investor not applying the equity method;
- neither the Company's debt nor equity instruments are traded in a public market;
- the Company does not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market;
- The ultimate parent of the entity produces financial statements that comply with International Accounting Standards in conformity with the requirements of the Companies Act 2006, in which subsidiaries are exempted from consolidation in accordance with Investment Entity exemption as per IFRS 10.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

(b) Critical accounting estimates, assumptions and judgements

***I.* Going concern**

The Directors have assessed that the Company has sufficient liquidity to meet its liabilities for the foreseeable future and at least for the next 12 months from when the financial statements are authorised for issue and that the preparation of the financial statements on a going concern basis remains appropriate.

Further the Directors have considered the impact of COVID-19 by assessing the future cashflows for the investment and updating assumptions for the changes to the macroeconomic factors such as inflation rate and foreign exchange rates. The Directors also continue to monitor the macroeconomic environment in the United Kingdom and believes the Company and the asset are well positioned to minimise any impact of Brexit, if such an event occurs.

***II.* Use of estimates and judgements**

The preparation of the financial statements in conformity with IAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Accounting policies (continued)

***II.* Use of estimates and judgements (continued)**

The estimates and assumptions which have a significant risk of causing a material misstatement of the financial statements relate to the valuation of investments (see note 2. (d) IV. Fair Value and note 3. - Financial assets at fair value through profit or loss).

Other disclosures relating to the Company's exposure to risks and uncertainties can be found in note 11 concerning financial risk and management objectives and policies; sensitivity analysis disclosures and capital management.

(c) Standards and amendments

New standards, amendments and interpretation adopted by the Company

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Company.

New standards, amendments and interpretation issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Company.

(d) Financial assets at fair value through profit or loss (FVTPL) – investments

I. Classification

The Company classifies its investments as financial assets at FVTPL at inception; these assets are managed and their performance evaluated on a fair value basis in accordance with its documented investment strategy.

II. Recognition/de-recognition

Purchases and sales of investments are recognised on the completion date. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

III. Measurement

Financial assets and financial liabilities at FVTPL are initially recognised at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at FVTPL are presented in the statement of comprehensive income in the period in which they arise. Interest income from financial assets at FVTPL is recognised in the statement of comprehensive income within interest income and other similar income.

IV. Fair value

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined by using standard valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models, other valuation techniques commonly used by market participants, and third-party independent valuations.

The fair value is calculated in accordance with the International Private Equity and Venture Capital Valuation guidelines, as updated in December 2018. These valuation techniques make use of assumptions that are based on market conditions, company business plans, financial projections, expectations of the Company regarding economic outlook and performance of the investments existing at each reporting date as well as up to date management accounts and business analysis of each investment entity.

2. Accounting policies (continued)

(d) Financial assets at fair value through profit or loss (FVTPL) – investments (continued)

IFRS requires the Company to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 - inputs for the instrument that are not based on observable market data (unobservable inputs).

(e) Income and expenditure

Dividend income and interest income are recognised in the Statement of Comprehensive Income on the date on which the right to receive payment is established.

Expenses are recognised in the Statement of Comprehensive Income as the related services are performed.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less, which are subject to an insignificant risk of change in value. As at 31 March 2021 and 31 March 2020, the carrying value of cash and cash equivalents comprised of cash at bank.

(g) Financial instruments

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(h) Functional and presentation currency

The financial statements are presented in pounds sterling, which is the Company's functional currency. All financial information has been rounded to the nearest pound except where otherwise indicated.

(i) Tax

The taxation charge or benefit is based on the profit or loss for the financial period and takes into account deferred taxation.

3. Financial assets at fair value through profit or loss

The Company's investment comprises a 10% equity interest in and shareholder loan to GIGP Ltd, an operating offshore wind farm off the coast of Rhyl in North Wales. Movements on this investment and its fair value during the year are given below.

£		Cost of Ordinary Shares	Cost of Shareholder loan	Total Cost	Fair Value Movement	Total fair value
Cost						
2020	**As at 31 March 2019**	**55,516,369**	**132,601,553**	**188,117,922**	**26,972,058**	**215,089,980**
	Decrease in fair value	-	-	-	(20,912,302)	(20,912,302)
	As at 31 March 2020	**55,516,369**	**132,601,553**	**188,117,922**	**6,059,756**	**194,177,678**
	Decrease in fair value	-	-	-	(1,419,142)	(1,419,142)
2021	**As at 31 March 2021**	**55,516,369**	**132,601,553**	**188,117,922**	**4,640,614**	**192,758,536**

All the Company's investments are valued in accordance with Level 3 - *Inputs for the instrument that are not based on observable market data (unobservable inputs)* (see note 2 (d) IV above). There were no transfers between levels for the year ended 31 March 2021.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these investments, the Company uses discounted cash flow valuation techniques to derive the fair value. Cash flow projections are prepared covering the remaining life for the wind farm based on the latest operational budgets approved by the Directors.

A number of key assumptions are made as to how the business operations will develop by reference to industry forecasts and future prospects. These projections use reasonable electricity production rates and give the best estimates available for income and costs. The projected cash flows are discounted using rates based upon the recent market cost of capital required by investors to invest in operational offshore wind projects.

Notes to the Financial Statements (continued)

3. Financial assets at fair value through profit or loss (continued)

The following table shows a reconciliation from the opening balances to the closing balances for financial assets at fair value through profit or loss.

	£ 1 April 2020 to 31 March 2021	£ 1 April 2019 to 31 March 2020
Designated at fair value through profit or loss:		
Opening balance	194,177,678	215,089,980
Decrease in fair value of financial assets at fair value through profit or loss	(1,419,142)	(20,912,302)
Closing balance	**192,758,536**	**194,177,678**

Unrealised loss on investments	(1,419,142)	(20,912,302)
Total change in fair value of financial assets	**(1,419,142)**	**(20,912,302)**

The fair value movements are recognised in the Statement of Comprehensive Income as decrease in fair value of financial assets at fair value through profit or loss. Any realised gain/(loss) on disposal of investments is presented separately under income/(expenses).

4. Administrative Expenses

	£ 1 April 2020 to 31 March 2021	£ 1 April 2019 to 31 March 2020
Bank Charges	1,229	1,122
	1,229	**1,122**

Audit fees of £7,500 (2020: £7,140) relating to the Company have been borne by its shareholders.

5. Related parties

The following parties are considered to be related under the definition set out in International Accounting Standard 24.

The Company is wholly owned by three limited partnerships, Macquarie GIG Renewable Energy Fund 1 L.P. ("MGREF 1 LP A"), Macquarie GIG Renewable Energy Fund 1 B L.P. ("MGREF 1 LP B") and Macquarie GIG Renewable Energy Fund 1 C L.P. ("MGREF 1 LP C") (the "Partnerships"), which together comprise the Macquarie GIG Renewable Energy Fund 1.

MGREF 1 GP Limited is ("the GP") General Partner of all the Partnerships and as such controls those Partnerships. MGREF 1 GP Limited is a 100% subsidiary of GIGML, which is itself a 100% subsidiary of Macquarie Asset Management UK Holdings No.2 Limited, whose ultimate parent is Macquarie Group Limited.

The Company owns a 10% interest in GIGP Ltd and its representation on the board of that company makes GIGP Ltd a related party.

Transactions during the year affecting equity and loan investments in GIGP Ltd are summarised in note 3 Financial assets at fair value through profit or loss.

Notes to the Financial Statements (continued)

5. Related parties (continued)

Other transactions with related parties and year end amounts payable to or receivable from each of these related parties are shown below:

		Income / (expense)		Receivable / (payable)	
		£ 1 April 2020 to 31 March 2021	£ 1 April 2019 to 31 March 2020	£ 31 March 2021	£ 31 March 2020
GIGP Ltd	**Dividend Income**	**13,900,000**	**10,700,000**	-	-
GIGP Ltd	**Interest Income**	**5,304,062**	**5,318,594**	**101,700**	**101,701**
MGREF1 LP A	Interest Expense	(2,201,342)	(2,207,373)	(43,457)	(43,042)
MGREF1 LP B	Interest Expense	(1,350,693)	(1,354,394)	(26,663)	(26,409)
MGREF1 LP C	Interest Expense	(1,753,027)	(1,757,830)	(27,685)	(27,422)
	Total Interest Expense	**(5,305,062)**	**(5,319,597)**	**(97,805)**	**(96,873)**
MGREF1 LP A	Shareholder Loan			(55,033,553)	(55,033,553)
MGREF1 LP B	Shareholder Loan			(33,767,324)	(33,767,324)
MGREF1 LP C	Shareholder Loan			(43,825,676)	(43,825,676)
	Total Shareholder loan			**(132,626,553)**	**(132,626,553)**

The shareholder loans bear interest at 4.0% p.a. and have a maturity date of 31 December 2034 with early repayment allowed at the borrower's option.

6. Taxation

	£ 1 April 2020 to 31 March 2021	£ 1 April 2019 to 31 March 2020
Profit/(loss) for the year - continuing activities	12,478,629	(10,214,427)
	-	
Tax on loss at standard UK tax rate of 19.00% (2020: 19.00%)	(2,370,940)	(1,940,741)
Effects of:	-	
Expenses not deductible	269,636	3,973,337
Income not taxable	(2,641,000)	(2,033,000)
Unrecognised deferred tax	424	404
Tax charge for the year	-	-

Notes to the Financial Statements (continued)

6. Taxation (continued)

	£ 31 March 2021	£ 31 March 2020
Unrecognized deferred tax asset:		
Losses	(1,754)	(1,190)
	(1,754)	**(1,190)**

7. Receivables

	£ 31 March 2021	£ 31 March 2020
Loan interest receivable from investments	101,700	101,701
	101,700	**101,701**

8. Payables

	£ 31 March 2021	£ 31 March 2020
Loan interest due to shareholders	97,805	96,873
	97,805	**96,873**

9. Issued Capital

Allocated, called and fully paid ordinary shares of £1 each.

	Number	£ Share Capital	£ Share Premium
As at 31 March 2019	**1,981,734**	**1,981,734**	**4,042,318**
As at 31 March 2020	**1,981,734**	**1,981,734**	**4,042,318**
As at 31 March 2021	**1,981,734**	**1,981,734**	**4,042,318**

10. Dividends

	£ 31 March 2021	£ 31 March 2020
Total dividends of £7.01 (2020: £5.40) per ordinary share	13,890,000	10,700,000
	13,890,000	**10,700,000**

11. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), liquidity risk, credit risk and capital management risk.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance.

All securities investments present a risk of loss of capital. The management of these risks is carried out by the Manager under policies approved by the General Partner. The General Partner provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Directors may value investments at an approximation of cost, where these are purchased on, or close to the Statement of Financial Position date.

The valuation of financial assets at fair value through profit and loss incorporates the Directors best judgement of the impacts of COVID-19. The severity and duration of the impacts of COVID-19 and the trajectory of economic recovery remain uncertain. The sensitivity analysis on pages 23 and 24 disclose the expected valuation impact of movements in discount rates, gross generation, power prices, operational expenses and inflation.

The United Kingdom (UK) formally left the European Union (EU) on 31 December 2020 (following the transition period). While this brings potential risks to the economic outlook of the United Kingdom, the Directors haven't observed any negative impact on the Company and the assets since the Brexit announcement. The Directors continues to monitor the macroeconomic environment in the United Kingdom and believes the Company and the assets are well positioned to minimise any impact of Brexit, if such an event occurs.

(i) Market risk

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Price risk

Price risk is the risk of unfavourable changes in fair value of the Company's investments as a result of changes in the value of the underlying investments. Below are factors which could impact the value of the underlying investments.

- Technical and operational failures affecting offshore wind projects could affect the value of assets. These could include insufficient wind yield, previously unidentified design flaws, operational incidents that damage physical assets or affect their function, unexpectedly long periods of maintenance down-time and unanticipated shifting or subsidence of the seafloor. Any of these could lead to asset impairments and thus loss of value for investors.
- Regulatory change affecting the value of offshore wind investments could lead to losses for investors. The value of offshore wind investments is fundamentally determined by the expected future revenue from electrical power generated by the assets. This revenue, in turn, is determined by the regulatory framework established by the UK government to guarantee minimum prices for energy generated from renewable sources. Unanticipated regulatory change affecting this revenue would thus have serious consequences. Unanticipated changes in tax legislation could have similar consequences.
- Technology risk in which improvements in technologies that are alternatives to those used by offshore wind investments could cause these projects to be at a competitive disadvantage and thus cause reductions in returns to investors.
- Key counterparty failure could impair the ability of an investment project to operate and thus reduce its value. This could include failure of a turbine manufacturer required to provide maintenance services, service companies required to support operation and maintenance, project sponsors required for overall coordination and of project, or financial counterparties used for hedging and similar purposes.
- Concentration risk arising from exposure to particular firms (such as turbine manufacturers, sponsors or service companies) or to wind speeds in particular geographic locations or regions.
- Electricity price risk could have a significant effect on the valuation of portfolio investments by lowering the revenue stream and thus the asset value.

Notes to the Financial Statements (continued)

11. Financial risk management (continued)

(i) Market risk (continued)

(a) Price risk (continued)

Where relevant, the Directors may require portfolio companies to hold insurance against certain of the risks outlined above. Sensitivity analyses on investments at fair value is disclosed in note 11 (vii).

The Manager provides the General Partner with investment recommendations. The Manager recommendations are reviewed and approved by the Investment Committee before the investment decisions are implemented. To manage the market price risk, the Director, as engaged by the General Partner, reviews the performance of the portfolio companies.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

There will be minimal direct risks to the Company arising from currency fluctuations as its assets and payment commitments are sterling denominated. There may be some on-going costs at the operating wind farm level that are denominated in foreign currencies, but these are not significant.

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and future cash flow. The Company only holds instruments with a fixed interest rate. The Company also holds a limited amount of cash and cash equivalents that expose the Company to cash flow interest rate risk.

Interest in debt securities with fixed interest rates are not considered exposed to market interest rate fluctuation.

Cash and cash equivalents are at floating interest rates which are not significant.

If the interest rate increase or decreased, there would be no significant impact on the net assets attributable to the Shareholders. The Company has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which its subsidiary invests.

Sensitivity analysis of the discount rates on investments at fair value is disclosed in note 11 (vii).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy and the Directors' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial assets largely include unlisted equity and debt investments, which are generally illiquid. As a result, the Company may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

Notes to the Financial Statements (continued)

11. Financial risk management (continued)

(ii) Liquidity risk (continued)

The Directors monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The table below analyses the Company's financial liabilities into relevant maturities based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

31 March 2021	£ Less than 1 month	£ 1 month to 12 months	£ More than 12 months
Payables	-	97,805	-
Borrowings	-	-	132,626,553
Total financial liabilities	-	**97,805**	**132,626,553**

31 March 2020	£ Less than 1 month	£ 1 month to 12 months	£ More than 12 months
Payables	-	96,873	-
Borrowings	-	-	132,626,553
Total financial liabilities	-	**96,873**	**132,626,553**

iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from debt securities held, cash and cash equivalents and receivables.

The maximum exposure to credit risk before any credit enhancements at each reporting date is the carrying amount of the financial assets as set out below:

	£ 31 March 2021	£ 31 March 2020
Financial assets at fair value through profit or loss	192,758,536	194,177,678
Accounts receivable	101,700	101,701
Cash and cash equivalents	95,526	87,716
Total financial assets	**192,955,762**	**194,367,095**

None of these assets are past due and they have not been impaired as at 31 March 2021.

11. Financial risk management (continued)

(iii) Credit risk (continued)

The Company's cash and cash equivalents are all held with JP Morgan Chase Bank N.A, which is rated "Aa2" (Long-Term) based on Moody's ratings.

The main concentration to which the Company is exposed arises from the Company's investments in debt securities which are all unrated. The Company's exposure to credit risk is indirect through the underlying investments of its subsidiaries. However, this risk is spread over the Company's investee companies. The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that have high credit ratings. The Company has no significant concentration of credit risk.

(iv) Capital management risk

The capital of the Company is represented by the net assets attributable to the shareholders. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

In accordance with the Company's investment policy, the Company's principal use of cash has been to fund wind farm investments. The Directors monitor and review the broad structure of the Company's capital on an on-going basis. The Directors monitor capital on the basis of the value of net assets attributable to the shareholders.

(v) Green risk

Green risk is the risk that transactions represent an unacceptably low level of green or sustainability benefits or reflect irresponsible investing. If this risk materialised, it would fundamentally undermine the mandate of the Company. Such risks could include:

- a project produces lower than expected CO2 savings, such as if wind speeds are lower than expected;
- a project has unintended impacts on the local environment, such as if it affects a biodiversity hotspot or local bird life or if the onshore facilities created to support the project have such effects.

Monitoring arrangements, using appropriate measures of green characteristics, have been documented as part of the Green Policies of the Manager.

(vi) Operational Risk

- Health and safety ("H&S") incidents occurring at operational offshore wind farms or their corresponding onshore support facilities are an operational risk. The Company is committed to zero harm and implements strategies in pursuit of that goal. The Manager nominates Directors to the Boards of the operating companies who oversee the H&S strategy. The Boards of the operating companies are kept up to date with H&S reports outlining incidents and near misses. The Board take appropriate actions to minimise H&S risk and to ensure the operating companies comply with the Manager's goal of zero harm.

(vii) Fair value measurement

The following table analyses the Company's investments by IFRS 13 fair value hierarchy:

31 March 2021	£ Level 1	£ Level 2	£ Level 3
Financial assets at fair value through profit or loss	-	-	192,758,536

31 March 2020	£ Level 1	£ Level 2	£ Level 3
Financial assets at fair value through profit or loss	-	-	194,177,678

Notes to the Financial Statements (continued)

11. Financial risk management (continued)

(vii) Fair value measurement (continued)

The valuation methodologies for investments categorised as Level 3 inputs are disclosed in Note 3. The carrying value of receivables, cash and cash equivalents and payables and accrued expenses is deemed to be equivalent to their fair value.

a) Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations and the valuation technique used to measure fair values of the unlisted investments. The range of the values represents the highest and lowest of inputs used in the valuation techniques.

Therefore, the range does not reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the unlisted investments.

	£ Fair value at 31 March 2021	Valuation technique	Significant unobservable inputs used to measure fair value	Inputs (value)
Investment in unlisted infrastructure assets	192,860,235	Discounted cashflows	Discount Rates	5.20%
Total				

	£ Fair value at 31 March 2020	Valuation technique	Significant unobservable inputs used to measure fair value	Range of inputs: Minimum – Maximum (value)
Investment in unlisted infrastructure assets	194,279,000	Discounted cashflows	Discount Rates	5.40% - 5.90%
Total				

When assessing a discounted cash flow analysis, the adopted discount rate and adopted terminal value have a strong interrelationship in deriving a fair value given that the discount rate will determine the rate at which the terminal value is discounted to the present value.

b) Sensitivity Analysis

The sensitivity of investment valuations to movements in the discount rates, power prices, generation, inflation and operational expenses are disclosed in the table below.

	£ 50 bps lower 31 March 2021	£ 50 bps higher 31 March 2021	£ 50 bps lower 31 March 2020	£ 50 bps higher 31 March 2020
Increase/(decrease) in valuation of investments due to movement in the discount rates	198,720,565	187,275,923	200,358,000	188,493,000
	£ 1 % lower 31 March 2021	£ 1 % higher 31 March 2021	£ 1 % lower 31 March 2020	£ 1 % higher 31 March 2020
Increase/(decrease) in valuation of investments due to movement in the gross generation	190,297,872	195,421,091	191,664,000	196,913,000

Notes to the Financial Statements (continued)

11. Financial risk management (continued)

b) Sensitivity Analysis (continued)

	£ 10 % lower 31 March 2021	£ 10 % higher 31 March 2021	£ 10 % lower 31 March 2020	£ 10 % higher 31 March 2020
Increase/(decrease) in valuation of investments due to movement in the power prices	183,383,473	202,409,591	185,834,000	204,139,000

	£ 5 % lower 31 March 2021	£ 5 % higher 31 March 2021	£ 5 % lower 31 March 2020	£ 5 % higher 31 March 2020
Increase/(decrease) in valuation of investments due to movement in the operating expenses	192,890,460	192,830,010	199,112,000	189,560,000

	£ 50 bps lower 31 March 2021	£ 50 bps higher 31 March 2021	£ 50 bps lower 31 March 2020	£ 50 bps higher 31 March 2020
Increase/(decrease) in valuation of investments due to movement in inflation	188,505,105	197,336,177	188,455,000	200,276,000

Changes in unlisted investment valuations due, for example, to movement in discount rates, power prices, generation, inflation and operational expenses are recognised in the Statement of Comprehensive Income.

12. Capital commitments

As at 31 March 2021 the Company had no capital commitments in addition to those recognised as a liability in these financial statements.

13. Subsequent events

Since the reporting period, there have been no other matters or circumstances not otherwise dealt with, within the financial statements that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the period subsequent to the year ended 31 March 2021.

An interim dividend of £1,296,474 was paid 29 June 2021 respectively.

14. Contingent liabilities

As at 31 March 2021, the Company had no contingent liabilities.