PENTLAND SPV 2 LIMITED

COMPANY NUMBER 10662552

Directors' Report and Financial Statements
for the financial year ended 31 March 2019

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The Company's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

2019 Directors' Report and Financial Statements
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Directors' Report
for the financial year ended 31 March 2019

In accordance with a resolution of the Directors (the "Directors") of Pentland SPV 2 Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and Director's report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors have taken advantage of the exemption provided in Sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act for the preparation of a Strategic Report.

Directors and Secretaries
The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

Mark J Dooley
Edward P Northam
Daniel C C Wong

The Secretaries who each held office as a Secretary of the Company throughout the period and until the date of this report, unless disclosed otherwise, were:

Helen L Everitt

Principal activities
The principal activity of the Company during the year ended 31 March 2019 was to act as a holding company for its investment.

Results
The profit for the financial year ended 31 March 2019 was £48,332,306 (2018 period: loss of £485,442) which was driven by an increase in the fair value of the Company's investment.

Dividends paid or provided for
No dividends were paid or proposed during the period ended 31 March 2019 (2018: nil).

State of affairs
There were no significant changes in the state of affairs of the Company that occurred during the current financial year under review not otherwise disclosed in this report.

The Directors have prepared the financial statements on a going concern basis as further discussed in Note 2 'Summary of significant accounting policies'.

Events after the reporting period
At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Financial risk management
Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk and operational risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report.

Directors' Report
for the financial year ended 31 March 2019 (continued)

Indemnification and insurance of Directors
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial year and also at the date of approval of the financial statements. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "*Reduced Disclosure Framework*", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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. The Directors 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.

Disclosure of information to auditors
In the case of each Director in office at the date the Directors' Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

MARK Dooley
Director

20 December 2019

Independent auditors' report to the members of Pentland SPV 2 Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Pentland SPV 2 Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2019; the Statement of profit or loss and other comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.
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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.
With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Pentland SPV 2 Limited

Reporting on other information (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

20 DECEMBER 2019

Statement of profit or loss and other comprehensive income for the financial year ended 31 March 2019

	Note	2019 £	Period from 09.03.17 to 31.03.18 £
Interest receivable and similar income	3	1,830,244	988,881
Administrative expenses	4	152,889	(584,564)
Movement on the financial assets at fair value through profit and loss		46,734,700	-
Operating profit		48,717,833	404,317
Interest payable and similar expenses	5	-	(866,508)
Profit/(loss) before taxation		48,717,833	(462,191)
Tax on profit/(loss)	6	(385,527)	(23,251)
Profit/(loss) for the financial period		48,332,306	(485,442)
Other comprehensive income			
Changes in allowance for expected credit losses		(171,160)	-
Total other comprehensive loss for the financial year		(171,160)	-
Total comprehensive income/(loss)		48,161,146	(485,442)

The above Profit and loss account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

Turnover and profit/loss on ordinary activities before taxation relate wholly to continuing operations.

Balance sheet
as at 31 March 2019

	Note	2019 £	2018 £
Fixed and non current assets			
Deferred tax asset	6	7,869	-
Current assets			
Investments held for sale	7	111,686,788	64,314,482
Debtors	8	21,906,390	19,273,023
Current liabilities			
Creditors: amounts falling due within one year	9	(386,750)	(5,425,701)
Net current assets		133,206,428	78,161,804
Net assets		133,214,297	78,161,804
Capital and reserves			
Called up share capital	10	200	200
Share Premium account	10	78,647,046	78,647,046
Other reserves	10	(171,160)	-
Profit and loss account		54,738,211	(485,442)
Total shareholders' funds		133,214,297	78,161,804

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

The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

The financial statements on pages 6 to 18 were approved by the Board of Directors on 20 December 2019 and were signed on its behalf by:

MARK DOLLEY
Director

Statement of changes in equity
for the financial year ended 31 March 2019

	Note	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total shareholders' funds £
Loss for the financial year		-		-	(485,442)	(485,442)
Issue of 100 ordinary shares	10	100	-	-	-	100
Further issue of 100 ordinary shares	10	100	78,647,046	-	-	78,647,146
Balance at 31 March 2018		**200**	**78,647,046**	**-**	**(485,442)**	**78,161,804**
Change on initial application of IFRS 9		-	-	-	6,891,347	6,891,347
Balance at 1 April 2018		**200**	**78,647,046**	**-**	**6,405,905**	**85,053,151**
Profit for the financial period		-	-	-	48,332,306	48,332,306
Other comprehensive income, net of tax		-	-	(171,160)	-	(171,160)
Balance at 31 March 2019		**200**	**78,647,046**	**(171,160)**	**54,738,211**	**133,214,297**

The above Statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The March 2019 financial results reflect the adoption of IFRS 9 on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

Notes to the financial statements for the period ended 31 March 2019

Note 1. General information

The Company is a private company limited by shares and is registered in England. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

The Company directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for financial assets classified as fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL").

The financial statements contain information about the Company as an individual company. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("MGL"), a company incorporated in Australia.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

In accordance with FRS 101 the Company has availed of an exemption from the following requirements of IFRS:

- The requirements of paragraph 33(c) of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' (details of cash flows of discontinued operations).
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI test);
- calculation of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecast of economic conditions;
- determination of investment securities as held for sale

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

Notes to the financial statements for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

New Accounting Standards and amendments to Accounting Standards that are effective in the current financial year

IFRS 9 Financial Instruments

IFRS 9 replaced International Accounting Standard 39 Financial Instruments: Recognition and Measurement ("IAS 39") for accounting periods starting after 1 January 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets and the application of hedge accounting. The Company has applied the requirements of IFRS 9 in the current financial year beginning 1 April 2018.

Transition:

As permitted by IFRS 9, the Company has not restated its comparative financial statements and has recorded a transition adjustment to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of IFRS 9's classification and measurement, and impairment.

The transition adjustment has increased the Company's shareholders' fund by £6,954,325 after tax.

The transition adjustment related primarily to the implementation of the classification and measurement requirements which increased the opening retained earnings by £6,933,935. Investments were re-classified and re-measured from amortised cost under IAS 39 to FVOCI and FVTPL under IFRS 9.

The key changes in significant accounting policies from the transition to IFRS 9 are included within the relevant sections of this note and other notes of the financial statements. Accounting policies applicable to the prior period items of financial assets, financial liabilities, incomes and expenses have also been provided and highlighted in relevant sections for comparability.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all the current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

The Company adopted IFRS 15 on 1 April 2018 and based on the assessment it has been concluded that all income streams are outside the scope of IFRS 15 so there is no transition impact due to adoption on the timing or amount of revenue recognised at 31 March 2018.

ii) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Revenue and expense recognition

Net interest income/expense

Interest income and interest expense are brought to account using the effective interest rate method (EIR) for loan assets and other financial assets and liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of EIR does not include ECL. Interest income on these assets is determined using a credit-adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest income on financial assets and liabilities that are classified as fair value through profit and loss ("FVTPL") is accounted for on a contractual rate basis.

Prior to the adoption of IFRS 9, interest income on financial assets that were measured at amortised cost (being loans and receivables and held to maturity financial assets) or classified as available for sale, was recognised in accordance with the EIR method.

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

iii) Revenue and expense recognition (continued)

Expenses

Expenses are recognised in the profit and loss account as and when the provision of services is received. Fees payable to the Company's auditors for the audit of the Company's annual financial statements were £15,015 (2018: £14,300). This amount is payable by UK Green Investment Bank Limited and will not be recharged. The Company had no employees during the period (2018: nil).

iv) Taxation

The principles of the Balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.
The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are recoverable.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding of the law.

v) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial instrument is initially recognised at fair value adjusted for transaction costs (in the case of instruments not carried at FVTPL) that are incremental and directly attributable to the acquisition or issuance of the financial instrument.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:
– *the rights to cash flows have expired*
– the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.
In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

v) Financial instruments (continued)

Financial liabilities

Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Gains and losses on the derecognition of non-trading related financial assets and liabilities are recognised as other income or expense disclosed as part of other operating income and expenses.

Classification and subsequent measurement

Financial assets

On initial recognition the Company categorises financial assets as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or FVTPL. The classification is based on both the business model under which the financial assets is managed, and its contractual cash flows.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to financial assets.

Solely payment of principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- the financial asset has not been designated to be measured at FVTPL ("DFVTPL").

Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and charges.

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

v) Financial instruments (continued)

Fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading (held for trading or 'HFT'). This classification includes all derivative financial assets
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL)
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows or financial assets that fail the SPPI test (FVTPL).

Changes in the fair value of HFT financial instruments are recognised in net trading income. Changes in the fair value of financial assets that are DFVTPL and FVTPL are recognised as part of other operating income and charges.

The interest component of financial assets that are classified as HFT, DFVTPL and FVTPL are recognised in interest income.

Equity financial assets are measured at FVTPL.

Fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at FVOCI if the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- the financial asset has not been designated to be measured at FVTPL (DFVTPL)

Subsequent changes in fair value are recognised in OCI, with the exception of interest, which is recognised as part of interest income; ECL which is recognised as a credit impairment charge in other operating income and expenses; and foreign exchange gains and losses, which are recognised in net trading income.

When debt financial assets at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI and recognised as part of other operating income and expenses.

Reclassification of financial instruments

The Company reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial instrument's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Prior to the adoption of IFRS 9, the Company's financial assets were classified into the following categories:

- Loans and receivables: being receivables and amounts due from subsidiaries that were non-derivative financial assets with fixed or determinable payments and that were not quoted in an active market. The measurement and recognition of gains and losses of such assets aligns with that for financial assets classified as at amortised cost in terms of IFRS 9
- Held for sale, being financial assets that were stated at the lower of carrying amount and fair value less costs to sell. Following the adoption of IFRS 9 these held for sale financial assets were re-measured at FVOCI and FVTPL at 1 April 2018.

Financial liabilities

Financial liabilities are measured at amortised cost.

vi) Investment securities held for sale

Non-Current assets are classified as assets held for sale in line with IFRS 5 when the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are stated at the lower of carrying amount and fair value less costs to sell unless the assets are financial assets in the scope of IFRS 9, in which case they are measured in accordance with that standard.

The criteria for held for sale classification is regarded as met only when the distribution is highly probably and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made of that the decision to sell with be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Notes to the financial statements for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

vii) Loan assets

This category includes loans and receivables that are not held for trading purposes and typically includes the Company's lending activities to its customers. Loan assets are initially recognised at fair value adjusted for directly attributable transaction costs on settlement date. Loan assets are subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(v). Loan assets are subject to regular review and assessment for possible impairment.

viii) Due to/from related entities

Transactions between the Company and its related entities, including its parent and subsidiaries, principally arise from the granting of loans and funding and are measured at amortised cost

ix) Impairment

Expected credit losses

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers as defined in IFRS 15, loan commitments, certain letters of credit and financial guarantee contracts. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information. Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default ("PD"), the loss given default ("LGD") and the exposure at default ("EAD").

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions used. Expected credit losses. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

- Stage 1 – 12 month ECL:

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk ("SICR") or for those financial assets for which the credit risk is considered to be low, ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for forward looking information ("FLI").

Interest income is determined with reference to the financial asset's EIR and the financial asset's gross carrying amount.

- Stage 2 – Lifetime ECL not credit-impaired:

When there has been SICR, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement. Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

Interest income is determined with reference to the financial asset's effective interest rate ("EIR") and the financial asset's gross carrying amount.

- Stage 3 – Lifetime ECL credit-impaired:

Financial assets are classified as stage 3 where they are determined to be credit impaired, which includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI.

Interest income is determined with reference to the financial asset's credit adjusted EIR and the financial asset's amortised cost carrying value, being the amount gross carrying value after the ECL provision.

- Purchased or originated credit-impaired financial assets:

Purchased or originated credit-impaired ("POCI") financial assets are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR.

The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FLI or by discounting the difference between the contractual and expected cash flows from the individual exposure using the credit-adjusted EIR, with increases and decreases in the measured ECL from the date of origination or purchase being recognised in profit and loss account as either an impairment gain or loss.

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

ix) Impairment (continued)

Expected credit losses (continued)

The loss allowances for ECL are presented in the balance sheet as follows:
- Loan assets measured at amortised cost – as a deduction to the gross carrying amount;
- Loans to associates and joint ventures measured at fair value through OCI - as a reduction in OCI reserve account under equity. The carrying amount of the asset is not adjusted as it is recognised at fair value which factors credit risk;
- Other assets measured at amortised cost – as a deduction to the gross carrying amount;
- Undrawn credit commitments – as a provision included in other creditors.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the loan asset or debt financial investment and all possible collateral has been realised, financial assets are written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Prior to the adoption of IFRS 9, credit impairment provisions were recognised on an incurred loss basis. Key differences included:
- an impairment loss was recorded where there was objective evidence of impairment as a result of one or more events (loss event) which had an impact on the estimated future cash flows of the financial asset that could be reliably estimated.
- *where the credit risk of an exposure had deteriorated but there was no objective evidence of impairment, no credit impairment* was required to be recognised.
- forward looking or macroeconomic information was not required to be incorporated into the determination of the credit impairment loss.
-credit impairments were only required to be recognised for on-balance sheet exposures.

Credit impairments were calculated on the basis of the difference between the exposure's carrying value and the present value of expected future cash flows, discounted using the original EIR.

For available for sale debt securities, where there was objective evidence of impairment and the fair value of the financial asset was less than its initial carrying amount then the cumulative loss was transferred from OCI to the profit and loss account. Impairment losses recognised for debt investment securities classified as available for sale were subsequently reversed through the profit and loss account if the fair value increased and the increase was objectively related to an event after the impairment loss was recognised in the profit and loss account.

x) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 3. Interest receivable and similar income

	2019	Period from 09.03.17 to 31.03.18
	£	£
Interest income	1,699,447	988,881
Interest receivable from other Macquarie Group undertakings	130,797	-
Total interest receivable and similar income	**1,830,244**	988,881

Note 4. Administrative expenses

	2019	Period from 09.03.17 to 31.03.18
	£	£
Management fees	21,545	-
Professional fees	-	584,564
Movement in expected credit loss	(174,435)	-
Total	(152,890)	584,564

The Company had no employees during the year (2018: nil).

Note 5. Interest payable and similar expenses

	2019	Period from 09.03.17 to 31.03.18
	£	£
Interest payable to other Macquarie Group undertakings	-	866,508

Note 6. Tax on profit/(loss)

	2019	Period from 09.03.17 to 31.03.18
	£	£
Analysis of tax charge for the year:		
Current tax		
UK corporation tax at 19% (2018: 19%)	384,550	23,251
Total current tax	**384,550**	23,251
Deferred tax		
Origination and reversal of temporary differences	977	-
Total deferred tax	**977**	-
Tax per income statement	**385,527**	23,251

The income tax expense for the period is lower (2018: higher) than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

Reconciliation of effective tax rate		
Profit/(loss) before taxation	48,717,833	(462,191)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19%	9,256,388	(87,816)
Effects of:		
Non-deductible expenses	8,732	111,067
Non-assessable income	(8,879,593)	-
Total tax expense	**385,527**	23,251

The UK Government have enacted a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020.

Deferred tax comprises timing differences attributable to:		
Specific provision	7,869	-
Total deferred income tax assets	**7,869**	-

Reconciliation of the Company's movement in deferred tax		
Balance at the beginning of the financial year	-	-
Temporary differences:		
Deferred tax charged to income statement for the period	(977)	-
Deferred tax charged to equity	8,846	-
Total income tax	**7,869**	-

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 7. Investments held for sale

	2019 £	2018 £
Unlisted equity securities	93,199,457	39,323,573
Loans	18,487,331	24,990,909
Total investments held for sale	**111,686,788**	64,314,482

The majority of the above amounts are expected to be recovered after 12 months of the reporting date by the Company.

	2019	2018
Reconciliation of movement of investments		
Balance at the beginning of the financial period	64,314,482	-
Additions	3,126,305	124,458,194
Repayments	(9,422,634)	-
Revaluation	53,668,635	-
Transfers	-	(60,143,712)
Balance at the end of the financial period	**111,686,788**	64,314,482

Note 8. Debtors

	2019 £	2018 £
Amounts owed from other Macquarie Group Undertakings[1]	21,906,390	19,273,023
Total debtors	**21,906,390**	19,273,023

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have not fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2019 the rate applied ranged between 2.41% and 2.52% (2018: rate applied ranged between 2.73% and 2.74%).

Note 9. Creditors: amounts falling due within one year

	2019 £	2018 £
Commitments ECL	(2,201)	-
Taxation	(384,549)	(23,251)
Amounts owed to other Macquarie Group undertakings[1]	-	(5,402,450)
Total creditors amounts falling due within one year	**(386,750)**	(5,425,701)

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have not fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2018 the rate applied ranged between 2.73% and 2.74%.

Note 10. Called up share capital

	2019 Number of shares	Period from 09.03.17 to 31.03.18 Number of shares	2019 £	Period from 09.03.17 to 31.03.18 £
Ordinary share capital issued and fully paid				
Opening balance of fully paid ordinary shares	200	-	200	-
Issue of 100 £1 ordinary shares on 9 March 2017	-	100	-	100
Issue of 100 £1 ordinary shares on 1 August 2017	-	100	-	100
Closing balance of fully paid ordinary shares	200	200	200	200
Share premium reserve				
Opening balance of share premium reserve	100	-	78,647,046	-
Additional share premium	-	100	-	78,647,046
Closing balance of share premium reserve	100	100	78,647,046	78,647,046
Other reserves				
FVOCI reserve			171,160	-
Closing balance of other reserves			171,160	-

Notes to the financial statements
for the period ended 31 March 2019 (continued)

Note 11. Related party information
As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in note 15.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

There are no related undertakings.

Note 12. Capital management strategy
The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to:
- ensure sufficient capital resource to support the Company's business and operational requirements;
- safeguard the Company's ability to continue as a going concern.

Periodic reviews of the entity's capital requirements are performed to ensure the Company is meeting its objectives.
Capital is defined as share capital plus reserves, including profit and loss account.

Note 13. Directors' remuneration
During the financial year ended 31 March 2019, all Directors were employed by, and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Note 14. Contingent liabilities and commitments

Commitments exist in respect of	2019 £	2018 £
Investment commitments	1,469,266	3,715,624
Balance at the end of the financial year	**1,469,266**	**3,715,624**

At initial investment stage, the Company commits to an agreed level of cash funding. Given that not all of this funding is drawn down immediately the Company has future investment commitments to satisfy. These commitments represent future cash flows down into investments and are needed by the investee to match the cash requirement of the underlying investment projects. The table above shows the level of outstanding commitments at the period end.

Note 15. Ultimate parent undertaking
At 31 March 2019 the immediate parent undertaking of the Company is Pentland SPV 1 Limited.

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements, is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements, is Macquarie Financial Holdings Pty Limited 'MFHPL', a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MFHPL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

Note 16. Events after the reporting period
Post year end the company disposed of its investment and realised £112m during the sale process.

There were no other material events subsequent to 31 March 2019 that have not been reflected in the financial statements.