



**MIDF UK2 Ireland Designated  
Activity Company**

**Annual Report and Audited  
Financial Statements  
for the year ended  
31 March 2019**

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## Management and administration

Registered number:	606430
Registered office:	1st Floor 118 Lower Baggot Street Dublin 2 Ireland
Secretary:	Alter Domus Secretarial (Ireland) Limited 1st Floor 118 Lower Baggot Street Dublin 2 Ireland
Directors:	Yusni Md Isa Ross McCann
Manager:	Macquarie Financial Products Management Limited 50 Martin Place Sydney New South Wales Australia 2000
Directors of the Manager:	Antony Clubb Anthony John Abraham William Fox Jason King Gary Shneier
Administrator:	Alter Domus (Ireland) Limited First Floor 118 Lower Baggot Street Dublin 2 Ireland
Independent Auditor:	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Gategny Esplanade St Peter Port Guernsey GY1 4ND

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the *Banking Act 1959* (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

## Directors' report

The Directors present their report and the audited financial statements of MIDF UK2 Ireland Designated Activity Company (the "Company") for the financial year ended 31 March 2019 (the "financial year").

### Principal activities and business review

The Company was incorporated in Ireland on 20 June 2017 with a registered number 606430.

The Company targets debt investment opportunities in the United Kingdom ("UK"). These investments are funded through the issue of a loan note (the "Note") to Macquarie Infrastructure Debt (UK Inflation Linked) Fund 2 L.P. ("MIDF 2 LP") acted for by its general partner MIDF UK2 Guernsey GP Limited.

The Company appointed Macquarie Financial Products Management Limited as Manager of the Company's investment portfolio (the "Manager") on 5 July 2017.

The Manager seeks to source, analyse, structure and discuss investment opportunities for the Company. The Manager is a wholly owned indirect subsidiary of Macquarie Group Limited ("Macquarie") and is authorised and regulated by the Australian Securities and Investments Commission.

Investments made by the Company are detailed in Note 7 and details of the Note issued to MIDF 2 LP are detailed in Note 8.

Debt investments made by the Company are in line with the Company's investment strategy. During the financial year all debt investments have performed as expected, with fair value disclosed in Note 7.

### Results and dividends of the Company

Details of the results are set out in the Statement of Comprehensive Income on page 12. The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 March 2019.

### Principal risk and uncertainty

The Company, through its investments in loans, is subject to a variety of risks. The key risks facing the Company are market risk, credit risk and liquidity risk. The Company, in consultation with the Manager, has implemented risk management policies and certain procedures are applied to address these risks. Further information on risk management is disclosed in Note 10 of these audited financial statements.

The Company's strategy is to acquire and hold debt investments to maturity. The Directors recognise that there is a risk that investments of suitable quality and returns which fit the Company's strategy may be difficult to source, however the advice provided by the Manager to date would suggest that there is an active pipeline of investment opportunities which the Company is in a position to exploit.

The Company will meet the unfunded loan commitments in Note 7 through drawdowns on the Note issued to MIDF 2 LP in line with the investment strategy.

### Directors and Secretary

The Directors and Secretary of the Company during the financial year are as set out on page 2.

In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.

### Financial reporting framework and going concern

The audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and have been prepared on a going concern basis. The Directors believe that this is appropriate, due to the ability to call on undrawn commitments from the Note issued to MIDF 2 LP.

### Books and accounting records

Measures taken by the Directors to ensure compliance with the requirements of section 281-285 of the Companies Act 2014, regarding adequate accounting records include the implementation of the necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources of financial function. These accounting records are maintained at First Floor, 118 Lower Baggot Street, Dublin 2.

### Material agreements

There were no material agreements in relation to the business of the Company in which any director of the Company had a material interest during the financial year ended 31 March 2019. Details of the related party transactions are set out in Note 14 to these financial statements.

## Directors' report (continued)

### Future developments

Further information on likely operations of the Company and the expected results of those operations have not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Company. It is the intention of the Directors, in consultation with the Manager, to continue investing in debt of infrastructure borrowers, to be funded through the Note issued to MIDF 2 LP.

Events after the reporting period are disclosed in Note 16.

### Independent Auditor

PricewaterhouseCoopers CI LLP, has expressed their willingness to accept reappointment in accordance with Section 383(2) of the Companies Act 2014.

The Company is due to pay the Independent Auditor a fee of £14,523 (2018: £14,100) in respect of the audit of the Company's financial statements for the financial year.

There were no other assurance services provided by the Independent Auditor for the financial year.

### Relevant Audit Information

For persons who are Directors at the time this report is approved in accordance with Section 330 of the Companies Act, 2014:

- the Directors hereby individually and collectively acknowledge, that so far as each director is aware, there is no relevant material audit information of which the Company's statutory auditors are unaware; and
- that he/she has taken all the steps that he/she 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 statutory auditors are aware of that information.

### Audit Committee

The definition of large company as per Section 167 of the Companies Act, 2014 is a company with €50 million turnover and €25 million in balance sheet total in the most recent financial year and the year immediately preceding that year.

The Company does not meet the definition of a large company and is not required to establish an Audit Committee.

### Research and Development

The Company did not incur any expenditure on research and development during the year (2018: nil).

### Political Donation

The Company made no political donations during the year (2018: nil).

Signed on behalf of the board:



Yusni Md Isa  
Director  
MIDF UK2 Ireland Designated Activity

Date: 23 July 2019



Ross McCann  
Director  
MIDF UK2 Ireland Designated Activity Company

Date: 23 July 2019

## Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish company law.

Irish company law requires the Directors to prepare financial statements for each financial period. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Under Irish company law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act, 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.


The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act, 2014 and enable those financial statements to be audited.

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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 July 2019.



Yusni Md Isa  
Director

MIDF UK2 Ireland Designated Activity Company

Date: 23 July 2019



Ross McCann  
Director

MIDF UK2 Ireland Designated Activity Company

Date: 23 July 2019

# ***Independent auditor's report to the members of MIDF UK 2 Ireland Designated Activity Company***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, MIDF UK2 Ireland Designated Activity Company's (the "Company") financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 March 2019;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- 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.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditor's 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.

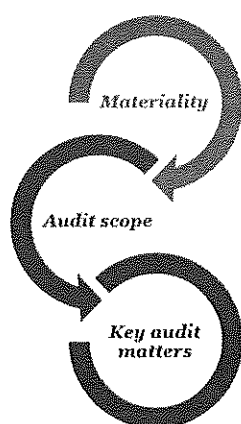
### *Independence*

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

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### **Our audit approach**

#### *Overview*



#### *Materiality*

- Overall materiality: £0.98 million (2018: £0.25 million), based on 1% of total assets.

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#### *Audit scope*

- The Company is a Designated Activity Company incorporated in the Republic of Ireland and engages Macquarie Financial Products Management Limited (the "Manager") to manage its assets. The Manager has delegated portfolio management activities to the Macquarie Asset Management division, acting through Macquarie Investment Management Europe Limited ("Macquarie").
  - The Company targets debt investments ("financial assets") in infrastructure located in the United Kingdom. These are funded through the issue of a loan note that is listed on The International Stock Exchange.
  - We conducted our audit of the financial statements from information provided by Alter Domus (Ireland) Limited (the "Administrator") to whom the board of directors has
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# Independent auditor's report to the members of MIDF UK 2 Ireland Designated Activity Company (continued)

delegated the provision of certain functions. We also had significant interaction with Macquarie in completing aspects of our overall audit work.

- We conducted our audit work in Guernsey and we tailored the scope of our audit taking into account the financial assets within the Company and the involvement of the third parties referred to above.

## Key audit matters

- Valuation of financial assets at fair value through profit or loss.

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of financial assets at fair value through profit or loss</i></p> <p>As detailed in Note 7, financial assets at the year-end of £97.8 million (2018: £24.6 million) are measured at fair value through profit or loss and make up a significant part of the Statement of Financial Position.</p> <p>There is a significant inherent risk of misstatement in valuations due to lack of publically available quoted prices, illiquid nature of the financial assets and the subjectivity of judgement and estimates of management. The specific areas of judgement include:</p> <ul style="list-style-type: none"> <li>• The impact of changes in the expected cash flows for each financial asset on the fair value; and</li> <li>• The discount rate used in the fair value calculations.</li> </ul>	<p>We understood and evaluated the internal control environment in place at the Administrator and Macquarie, including management's processes and assumptions used to measure the fair value of the financial assets. Our procedures included;</p> <ul style="list-style-type: none"> <li>• Assessing the financial assets valuation accounting policy for compliance with IFRSs as adopted by the European Union and testing to ensure that the financial assets had been measured in accordance with the stated accounting policy.</li> <li>• Test of operating effectiveness of the data input controls and monthly reconciliation controls in respect of the discounted cash flow models;</li> <li>• Validating the assumptions and inputs into the discounted cash flow models for selected financial assets and agreeing to the associated agreements and other legal documentation. We independently obtained data to assess the reasonableness of the inflation rate curves used to derive the forecast cash flows in the discounted cash flow models;</li> <li>• We engaged our internal valuation experts to assess the reasonableness of the discount rates and assumptions applied to the discounted cash flow models. The internal valuation experts performed a review of the methodology for deriving the discount rate and fair value as well as comparison of key input assumptions to market data. For selected financial assets, they also independently recalculated the fair</li> </ul>



# ***Independent auditor's report to the members of MIDF UK 2 Ireland Designated Activity Company (continued)***

<b><i>Key audit matter</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
	value and compared this to the fair value determined by the discounted cash flow models. We did not identify any material misstatements from our procedures.

## ***How we tailored the audit scope***

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

## ***Materiality***

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b><i>Overall materiality</i></b>	£0.98 million (2018: £0.25 million).
<b><i>How we determined it</i></b>	1% of total assets.
<b><i>Rationale for benchmark applied</i></b>	We believe total assets to be the appropriate basis for determining benchmark materiality since the primary consideration for members of the Company is asset preservation.

We agreed with the board of directors that we would report to them misstatements identified during our audit above £0.05 million (2018: £0.01 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## ***Conclusions relating to going concern***

ISAs (Ireland) 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 and the wider economy.

## ***Reporting on other information***

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditor's 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

# ***Independent auditor's report to the members of MIDF UK 2 Ireland Designated Activity Company (continued)***

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 Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us also to report certain opinions and matters as described below:

- 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.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

### *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 (Ireland) 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 IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditor's 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 section 391 of the Companies Act 2014 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.

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## **Other required reporting**

### **Companies Act 2014 opinions on other matters**

As required by the Companies Act 2014, we report that:

- we have obtained all the information and explanations which we consider necessary for the purposes of our audit;


## ***Independent auditor's report to the members of MIDF UK 2 Ireland Designated Activity Company (continued)***

- in our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
  - the financial statements are in agreement with the accounting records.
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### **Companies Act 2014 exception reporting**

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.



Evelyn Brady  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Audit Firm  
Guernsey, Channel Islands  
25 July 2019

- a) The maintenance and integrity of the website on which the financial statements are published is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction

# Statement of Financial Position

	Note	31 March 2019 £'000	31 March 2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	7	97,824	24,582
<b>Current assets</b>			
Receivables and prepayments	5	19	0
Cash and cash equivalents		267	78
		<u>98,110</u>	<u>24,660</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	8	(97,974)	(24,453)
<b>Current liabilities</b>			
Payables and accrued expenses	6	(130)	(205)
		<u>(98,104)</u>	<u>(24,658)</u>
<b>Net assets</b>		<u>6</u>	<u>2</u>
<b>Equity</b>			
Share capital	9	0	0
Retained earnings	11	6	2
<b>Total equity</b>		<u>6</u>	<u>2</u>

The accompanying notes form an integral part of the financial statements.

These financial statements on pages 11 to 24 were approved and authorised for issue at a meeting of the Board of Directors and signed on their behalf by:



Yushu McIsa

Director

MIDF UK2 Ireland Designated Activity Company

Date: 23 July 2019



Ross McCann

Director

MIDF UK2 Ireland Designated Activity Company

Date: 23 July 2019

## Statement of Comprehensive Income

		1 April 2018 to 31 March 2019	20 June 2017 to 31 March 2018
	Note	£'000	£'000
<b>Income</b>			
Net changes in fair value of financial assets at fair value through profit or loss	7	2,696	94
Arrangement income		399	-
Commitment fee income		19	12
Net changes in fair value of financial liabilities at fair value through profit or loss	8	-	148
		<u>3,114</u>	<u>254</u>
<b>Expenses</b>			
Net changes in fair value of financial liabilities at fair value through profit or loss	8	(2,491)	-
Investment management fees - origination	4	(345)	(133)
Investment management fees - ongoing	4	(174)	(50)
Legal and professional fees		(58)	(35)
Administration fees	14	(23)	(18)
Audit fees		(15)	(14)
Other expenses		(3)	-
Net foreign exchange loss		-	(1)
		<u>(3,109)</u>	<u>(251)</u>
<b>Net profit for the year / period before tax</b>		<u>5</u>	<u>3</u>
Taxation		(1)	(1)
<b>Net profit for the year / period after tax</b>		<u>4</u>	<u>2</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year / period</b>		<u>4</u>	<u>2</u>

The results above derive from continuing activities.

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Equity

	Share capital* £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2018	0	2	2
Total comprehensive income for the year	-	4	4
Balance as at 31 March 2019	<u>0</u>	<u>6</u>	<u>6</u>

	Share capital* £'000	Retained earnings £'000	Total equity £'000
Balance as at 20 June 2017	-	-	-
Issued share capital	0	-	0
Total comprehensive income for the period	-	2	2
Balance as at 31 March 2018	<u>0</u>	<u>2</u>	<u>2</u>

\*See Note 9 for further information on the share capital issued by the Company.

The accompanying notes form an integral part of the financial statements.

## Statement of Cash Flows

		1 April 2018 to 31 March 2019	20 June 2017 to 31 March 2018
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Total comprehensive income for the year / period		4	2
Purchase of debt investments <sup>(1)</sup>	7	(71,068)	(24,501)
Interest income received from debt investments	7	183	13
Repayment of debt investments		339	-
<b>Adjustments</b>			
Net changes in fair value of financial assets at fair value through profit or loss	7	(2,696)	(94)
Net changes in fair value of financial liabilities at fair value through profit or loss	8	2,491	(148)
Increase in receivables and prepayments	5	(19)	-
(Decrease)/increase in payables and accrued expenses	6	(75)	205
<b>Net cash outflow from operating activities</b>		<b>(70,841)</b>	<b>(24,523)</b>
<b>Cash flows from financing activities</b>			
Receipt from the Note	8	71,369	24,601
Repayment of the Note		(339)	-
<b>Net cash inflow from financing activities</b>		<b>71,030</b>	<b>24,601</b>
Net increase in cash and cash equivalents		189	78
Cash and cash equivalents at the beginning of the year / period		78	-
<b>Cash and cash equivalents at the end of the year / period</b>		<b>267</b>	<b>78</b>

<sup>(1)</sup> Net of arrangement fees of £399,139 (31 March 2018: £nil)

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

## 1. General information

MIDF UK2 Ireland Designated Activity Company (the "Company") is a company incorporated on 20 June 2017 under Part 16 of the Companies Act 2014 and registered under number 606430 with a registered office as disclosed in page 2.

The investment objective of the Company is to invest in inflation linked debt of infrastructure borrowers located in the United Kingdom ("UK").

Under the terms of the Note Subscription Agreement dated 6 July 2017 (the "Note Subscription Agreement"), the Company issued a loan note (the "Note") to Macquarie Infrastructure Debt (UK Inflation Linked) Fund 2 L.P. ("MIDF 2 LP") (the "Note Holder"). Amounts advanced to the Company in respect of the Note will be applied to fund debt investments and related Company expenses.

Under the terms of the Investment Management and Advisory Agreement dated 10 July 2017, the Company appointed Macquarie Financial Products Management Limited as Manager of the Company's investment portfolio (the "Manager"). The Manager is a wholly owned indirect subsidiary of Macquarie Group Limited ("Macquarie") and is authorised and regulated by the Australian Securities and Investments Commission.

On 20 June 2017, the Company entered into a corporate services agreement with Alter Domus (Ireland) Limited (the "Administrator"). Under the terms of this agreement the Administrator agreed to provide the Company with certain administration and accounting services in Ireland.

## 2. Summary of significant accounting policies

The following accounting policies have been applied consistently in the preparation of the Company's financial statements:

### a) Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements are presented in Sterling ("GBP" or "£") and all values are rounded to the nearest thousand ("£'000"), except when otherwise indicated.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies and making any estimates. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Directors believe that the underlying assumptions are appropriate and that the Company's financial statements are fairly presented. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### (i) New standards and amendments adopted by the Company

#### IFRS 9, Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018)

IFRS 9, Financial Instruments, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements for IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The new standard specifies that the classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The standard states that a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is not held to collect contractual cash flows.

This new standard does not have a material impact on the Company's financial position or performance, as the Company's financial assets and liabilities will continue to be classified and measured at fair value through profit or loss.



# Notes to the Financial Statements (continued)

## 2. Summary of significant accounting policies (continued)

### (i) New standards and amendments adopted by the Company (continued)

The adoption of this new standard did not result in substantial changes to the Company's accounting policy and had no material effect on the amount reported for the current or prior periods.

#### **IFRS 15, Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018)**

IFRS 15, "Revenue from Contracts with Customers" 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 on 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's main source of income is from interest income from investments which is excluded from IFRS 15. The adoption of this new standard did not result in substantial changes to the Company's accounting policy and had no material effect on the amount reported for the current or prior periods.

### (ii) New standards, amendments and interpretations issued but not yet effective

IFRS 16 'Leases' will replace IAS 17 'Leases'. It requires the recognition of a right-of-use asset along with an associated lease liability, where the entity is a lessee. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The standard is not expected to have a significant effect on the financial statements of the Company.

### (iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **b) Financial assets and liabilities**

### (i) Classification

The Company classifies its investments based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The Company's policy requires the Manager and the Director to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Note is quoted on The International Stock Exchange (the "ISE").

### (ii) Recognition and measurement

Regular purchases and sales of investments are recognised on the trade date, being the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value.

Financial assets and financial liabilities 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. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' and 'financial liabilities at fair value through profit or loss' categories are presented in the Statement of Comprehensive Income as net changes in fair value of financial assets and liabilities through profit or loss in the period in which they arise. Interest income earned and interest expenses incurred in relation to debt investments and the Note respectively is reported as part of the net changes in fair value of financial assets and liabilities through profit or loss.

# Notes to the Financial Statements (continued)

## 2. Summary of significant accounting policies (continued)

### b) Financial assets and liabilities (continued)

#### (iii) Fair value estimation

Fair value reflects the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amount of future cash flows, discount rates, credit risk, volatility and correlation.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments which are carried at fair value through profit or loss:

- The fair value of debt investments is based on the Manager's Mark-to-Model Valuation as defined in MIDF 2 LP's Limited Partnership Agreement, as amended and restated on 20 June 2017 (the "Mark-to-Model Valuation");
- The fair value of the Note is measured as the fair value of debt investments based on the Mark-to-Model Valuation, less any operating expenses of the Company.

The fair value of debt investments and the Note is inclusive of accrued interest.

### c) Foreign currency

#### (i) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's transactions are denominated in GBP and the Note has been issued in GBP and any drawdown or interest payments will be made GBP. The large majority of expenses (including legal and professional fees and investment management fees) are denominated and paid in GBP. Accordingly, the Directors have determined that the functional and presentation currency of the Company is GBP.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income.

### d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of change in value. The Company maintains its cash and cash equivalents with Royal Bank of Scotland International. At 31 March 2019, cash and cash equivalents comprised only of cash at bank.

### e) Taxation

The tax expense represents the sum of the tax payable for the financial period. The tax payable is based on taxable profit for the financial period as calculated in accordance with Irish tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of reporting period date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of reporting period date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# Notes to the Financial Statements (continued)

## 2. Summary of significant accounting policies (continued)

### f) Receivables and prepayments

Receivables and prepayments are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method less accumulated losses. The impairment model requires impairment allowances for all exposures from an asset's origination date, based on the deterioration of credit risk since initial recognition. If the credit risk is not deemed to have increased significantly, then the impairment allowance is based on 12 month expected losses. If the credit risk has increased significantly or if the asset becomes 'credit impaired' then allowances must be based on lifetime expected losses. These assets are presented as current assets except for those expected to be realised later than 12 months after the Statement of Financial Position date which are presented as non-current assets.

These assets are presented as current assets except for those expected to be realised later than 12 months after the Statement of Financial Position date which are presented as non-current assets.

### g) Payables and accrued expenses

Payables and accrued expenses are liabilities initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Payables and accrued expenses are derecognised when the liability is extinguished, that is when contractual obligation is discharged, cancelled or expires.

### h) Arrangement fee income

Arrangement fee income associated with debt investments is recognised in the Statement of Comprehensive Income on an accruals basis.

### i) Commitment fee income

Commitment fees are paid by the borrower on undrawn loan commitments, in line with the fee terms of the loan facility agreement. Commitment fee income is included in the Statement of Comprehensive Income on an accruals basis.

### j) Expenses

Expenses are recognised in the Statement of Comprehensive Income as the related services are performed. Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income as an expense.

## 3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

In determining the carrying amount of certain assets and liabilities, the Company makes assumptions about the effects of uncertain future events on those assets and liabilities at the Statement of Financial Position date. This area involves a degree of judgement and complexity.

The Company, with the assistance of the Manager, has made estimates and assumptions based on historical experience and expectation of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised and any future financial periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements relate to the determination of fair value of financial assets and liabilities with significant unobservable inputs see Note 2 (b)(iii).

## 4. Investment management fees

The Manager is entitled to an investment management fee calculated in accordance with the IM Agreement. Investment management fees due to the Manager comprises of ongoing fees and origination fees.

Ongoing fees are calculated as 0.5% per annum of the value of assets under management, being the aggregate principal amount of all debt investments, less any principal repayments received and less any impairments recognised.

Origination fees are calculated as 0.5% of the face value (or purchase price) of each debt investment and are payable when the debt investment is entered into.

## Notes to the Financial Statements (continued)

### 5. Receivables and prepayments

	31 March 2019 £'000	31 March 2018 £'000
Prepaid administration fees	19	-
Receivable from related parties	0	0
<b>Total receivables and prepayments</b>	<b>19</b>	<b>0</b>

### 6. Payables and accrued expenses

	31 March 2019 £'000	31 March 2018 £'000
Amounts due to related parties	114	187
Accrued expenses	16	18
<b>Total payables and accrued expenses</b>	<b>130</b>	<b>205</b>

### 7. Financial assets at fair value through profit or loss

The Company's investments consist of debt investments. The intention is to hold investments for more than 12 months. Debt investments are carried at fair value through profit or loss in accordance with the Company's accounting policies.

As at 31 March 2019, commitments to borrowers totalled £95.6 million (2018: £26.7 million), of which £95.6 million had been funded (2018: £24.5 million).

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

	31 March 2019 £'000	31 March 2018 £'000
<b>Designated at fair value through profit or loss</b>		
Opening balance	24,582	-
Purchase of debt investments	71,068	24,501
Repayment of debt investments	(339)	-
Interest income received from debt investments receipts	(183)	(13)
Net changes in fair value of financial assets at fair value through profit or loss	2,696	94
<b>Closing balance</b>	<b>97,824</b>	<b>24,582</b>
Unrealised gain on debt investments	2,302	73
Interest income on debt investment for the period	394	21
<b>Total net changes in fair value of financial assets</b>	<b>2,696</b>	<b>94</b>

The fair value movements are recognised in the Statement of Comprehensive Income as net changes in fair value of financial assets at fair value through profit or loss. Further information on the fair value of debt investments is disclosed in Note 2.

### 8. Financial liabilities at fair value through profit or loss

The Company issued a Note to MIDF 2 LP, as described in Note 1. The Note is carried at fair value through profit or loss in accordance with the Company's accounting policies.

The Note is due to be redeemed on the final redemption date of 31 December 2057, or at an earlier date as agreed by the Company and the Note Holder in accordance with Clause 7 of the Note Subscription Agreement. The Company does not intend to redeem the Note within the next 12 months.

## Notes to the Financial Statements (continued)

### 8. Financial liabilities at fair value through profit or loss (continued)

There is no coupon rate attached to the Note. The interest payable on the Note is entirely dependent on available revenues made by the Company in accordance with the Note Subscription Agreement and is recognised in the Statement of Comprehensive Income as net changes in fair value of financial liabilities at fair value through profit or loss. The Note is a limited recourse obligation of the Company.

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

	31 March 2019 £'000	31 March 2018 £'000
<b>Designated at fair value through profit or loss</b>		
Opening balance	24,453	-
Advances received from Note	71,369	24,601
Repayment of the Note	(339)	-
Net changes in fair value of financial liabilities at fair value through profit or loss	2,491	(148)
<b>Closing balance</b>	<b>97,974</b>	<b>24,453</b>
Unrealised gain/(loss) on Note	2,491	(148)
<b>Total net changes in fair value of financial liabilities</b>	<b>2,491</b>	<b>(148)</b>

The fair value movement of the Note is recognised in the Statement of Comprehensive Income as net changes in fair value of financial liabilities at fair value through profit or loss. Further information on the fair value of the Note is disclosed in Note 2.

### 9. Share capital

	31 March 2019 £'000	31 March 2018 £'000
<b>Authorised share capital</b>		
100,000,000 Ordinary shares of £1 each	0	0
<b>Allotted, Called and fully paid equity</b>		
1 Ordinary shares of £1 each	0	0

#### Rights attached to shares

The Company's share capital is denominated in Sterling. At any general meeting of the Company each ordinary share carries one vote. The ordinary share also carries the right to receive all income of the Company attributable to the ordinary shares, and to participate in any distribution of such income made by the Company.

### 10. Risk management

The Company invests in debt issued by infrastructure borrowers located in the UK. These activities expose it to a variety of financial risks: market risk (which may include interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the MIDF 2 LP investment guidelines and seeks to minimise potential adverse effects on the financial performance of the Company.

Financial risk management is monitored by the Manager. The Manager shall be responsible to provide or procure portfolio management and risk management services to the Company, including sourcing, analysing, structuring and discussing with the Company investment and divestment opportunities for the Company and for evaluating, monitoring and advising in respect of voting rights in respect of the Company's assets.

Further details regarding these policies are set out below:

#### a) Market risk

##### (i) Interest rate risk

The majority of the Company's financial assets are debt investments, receivables and cash and cash equivalents.

## Notes to the Financial Statements (continued)

### 10. Risk management (continued)

#### a) Market risk (continued)

##### (i) Interest rate risk (continued)

Interest rate risk arises from debt investments at floating rate, where the amount of interest due in respect of investments may be adjusted to reflect increases or decreases in interest rates.

As at 31 March 2019 and 31 March 2018 all the Company's debt investments were issued at either a fixed interest rate or with principal adjusted for inflation, therefore, the Company has no interest rate risk exposure. Interest rate risk is considered during initial and ongoing due diligence evaluation of the assets. Movements in interest rates may also affect the appropriate discount rate to be used to value the Company's Debt Investments, resulting in fluctuations in valuation.

#### b) 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 2019 £'000	31 March 2018 £'000
Financial assets at fair value through profit or loss	97,824	24,582
Cash and cash equivalents	267	78
<b>Total financial assets</b>	<b>98,091</b>	<b>24,660</b>

None of these assets are past due and they have not been impaired as at 31 March 2019.

The Company's cash and cash equivalents are all held with Royal Bank of Scotland Plc, which is rated BBB-(Long-Term) based on S&P ratings.

To mitigate credit risk, the Company will only target debt investments which are rated MR8 (which is broadly equivalent to an S&P BBB- rating) or above by the Manager's internal ratings template. The Company's bankers have an S&P BBB+ rating.

The Company will attempt to limit downside risk by focusing on secured debt with both quality collateral and contractual protection.

At 31 March 2019, no debt investments were placed on Credit Watch.

#### c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is mitigated as the Company has the ability to call on undrawn commitments from the Note issued to MIDF 2 LP.

Contractual maturity of trade and other payables at the reporting date is under 12 months.

The Company invests in infrastructure debt investments which in nature are highly illiquid.

The table below shows the maturity of the Company's financial assets and liabilities, arising from the advancement of loans and issuance of loan notes, by remaining contractual maturities at 31 March 2019. The amounts disclosed are estimate cash flows and may differ from the actual cash flows received or paid in the future.

## Notes to the Financial Statements (continued)

### 10. Risk management (continued)

#### c) Liquidity risk (continued)

31 March 2019	Under 12 months £'000	Over 1 year £'000	Total £'000
<b>Liabilities</b>			
Note	-	(97,974)	(97,974)
	-	(97,974)	(97,974)
Unfunded loan commitments <sup>(1)</sup>	-	-	-
<b>31 March 2018</b>	<b>Under 12 months £'000</b>	<b>Over 1 year £'000</b>	<b>Total £'000</b>
<b>Liabilities</b>			
Note	-	(24,453)	(24,453)
	-	(24,453)	(24,453)
Unfunded loan commitments <sup>(1)</sup>	2,154	-	2,154

<sup>(1)</sup> Unfunded loan commitments will be satisfied through the Note issued to MIDF 2 LP.

### 11. Capital management

The Company's capital management objective is to ensure that the Company will be able to continue as a going concern.

In accordance with the Company's investment policy, the Company's principal use of cash has been to fund investments in the form of loans sourced by the Manager. The Company monitors and reviews the broad structure of the Company's capital on an on-going basis.

The Company has no imposed capital requirements. The Company's capital comprises:

	31 March £'000	31 March 2018 £'000
<b>Equity</b>		
Ordinary share capital	0	0
Retained earnings	6	2
<b>Total equity</b>	<b>6</b>	<b>2</b>

### 12. Fair value measurement

In accordance with IFRS13, Fair value measurement, the Company is required to classify 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.

## Notes to the Financial Statements (continued)

### 12. Fair value measurement (continued)

#### Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs.

#### Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table analyses the fair value hierarchy of the Company's assets and liabilities (by class) measured at fair value:

At 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Loans advanced	-	-	97,824	97,824
<b>Total</b>	-	-	97,824	97,824
<b>Liabilities</b>				
Note*	-	-	(97,974)	(97,974)
<b>Total</b>	-	-	(97,974)	(97,974)
At 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Loans advanced	-	-	24,582	24,582
<b>Total</b>	-	-	24,582	24,582
<b>Liabilities</b>				
Note*	-	-	24,453	24,453
<b>Total</b>	-	-	24,453	24,453

The carrying value of receivables and prepayments, cash and cash equivalents and payables and accrued expenses is deemed to be equivalent to their fair value.

\*The Note issued to MIDF 2 LP is not valued at the ISE quoted loan note prices due to the Directors believing there is not sufficient liquidity in this market to provide a reliable valuation. The fair value of the Note is determined as detailed per Note 2 (b)(iii).

The fair value of all debt investments is measured in whole or in part using a discounted cash flow technique that is based on an assumed valuation spread of between 2-3%. There are no readily observable current market transactions in the same instruments. The below table presents the effect of changing this assumption based on reasonable possible alternative assumptions.

At 31 March 2019	Fair value £'000	Unobservable Inputs	Reasonable possible shift + / -	Change in valuation + / - £'000
Debt Investments	97,824	Valuation spread	50bps	6,577 / (6,577)
As 31 March 2018	Fair value £'000	Unobservable Inputs	Reasonable possible shift + / -	Change in valuation + / - £'000
Debt Investments	24,582	Valuation spread	75bps	2,528 / (2,528)



## Notes to the Financial Statements (continued)

### 13. Taxation

	31 March 2019 £'000	31 March 2018 £'000
<b>Current taxation</b>		
Irish corporation tax for financial period on ordinary activities	(1)	(1)
Total current taxation	(1)	(1)
<b>Deferred tax charge for the financial period</b>	-	-

The current tax charge for the financial period is calculated based on the result for the financial period at a rate of 25%. A reconciliation of the current tax charge for the period to the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below:

	31 March 2019 £'000	31 March 2018 £'000
Net profit for the period before tax	5	3
Current tax at 25%	(1)	(1)
Total current tax charge	(1)	(1)

The Company is a qualifying company within the meaning of Section 110 of the Irish Taxes Consolidation Act 1997 ("TCA"). As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D of the TCA.

### 14. Related party transactions

The Manager is a related party of the Company, being responsible for certain investment advisory and management decisions. During the year, ongoing investment management fees due to the Manager of £173,819 were incurred (31 March 2018: £50,314). Ongoing investment management fees included within payables at 31 March 2019 totalled £85,240 (31 March 2018: £50,314).

During the year, origination investment management fees due to the Manager of £344,569 were incurred (31 March 2018: £133,277). Origination investment management fees included within payables at 31 March 2019 totalled nil (31 March 2018: £133,277).

The Administrator is a related party of the Company, being responsible for providing director services, certain administration, registrar and accounting services. Administration expenses incurred during the year by the Company and due to the Administrator totalled £23,100 (31 March 2018: £17,530). Administration expenses payable to the Administrator at 31 March 2019 totalled £28,431 (31 March 2018: £3,281), of which £19,312 relates to expenses for a future period.

The Company is a wholly owned subsidiary of Acorn Investments Limited, a privately owned company. At 31 March 2019, an amount of £1 was included within receivables and relates to the share capital of the Company (31 March 2018: £1).

In the opinion of the Directors, there is no ultimate controlling party of the Company.

### 15. Employees and Directors

The Company did not have any employees during the financial year.

In relation to all Directors who held office during the year and in accordance with sections 305 to 312 of the Companies Act, 2014 no director fees were incurred for the financial year as all Directors were employees of the Administrator and their services were provided as part of the wider agreement in place with the Administrator as described in Note 1.

### 16. Events occurring after the reporting period

Events occurring after the reporting period have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors and there were no material events to be disclosed or adjusted for in these financial statements.