Maritime Area Consent

Financial Capability Assessment Guidance

An tÚdarás Rialála Limistéir Mhuirí
Maritime Area Regulatory Authority

Tracking amendments to Financial Capability Assessment Guidance

Version	Date	Amendment	Reason
1	09/08/2023	N/A	
2	16/11/2023	2.7 6.4 to 6.8	Info on timing of MAC and planning Update on special funding arrangements
3	26/04/2024	Appendix N	Update to Appendix N
4	18/02/2025	Revised structure and layout (including segregation of guidance and application forms), revised thresholds, refinement of applicability and provision of additional clarity on	Full review and revision

Glossary

Term	Definition
ABP	An Bord Pleanála
Act of 2000	The Planning and Development Act 2000
The Act	Maritime Area Planning Act 2021
Assignment	The assignment of more than 20% of any interest in a MAC by the holder of a MAC to another entity.
Change of Control	The sale or transfer of 20% or more of the shares or voting rights in respect of a Relevant Person or a Supporting Entity – excluding a listed company with a market capitalisation of more than €100 million.
COD	Commercial operations date means the date that a project achieves commercial operation.
Consortium	A group of parties submitting a combined application for a MAC.
Current Ratio	Current assets / current liabilities
European Economic Area	An area of free trade and free movement of peoples comprising the member states of the European Union, in addition to Norway, Iceland and Liechtenstein.
Financial Close	The date where funding to achieve build completion / commercial operation of the MAC project is secured and available for drawdown.
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities
Gearing	Total debt / (total debt + equity)
Going Concern	An operating entity that is expected to continue to function as such and remain viable in the foreseeable future.
Guidance	The Maritime Area Consent Financial Capability Assessment Guidance
Interest Cover Ratio	Earnings before interest and tax / total interest expenses
MAC	Maritime Area Consent
MAP Act	Maritime Area Planning Act, 2021

MARA	Maritime Area Regulatory Authority
Net Assets	Total assets - total liabilities
Non-Commercial State Bodies	Non-Commercial State Bodies will be viewed as those entities listed as "Non-Commercial Agencies under the aegis of Department/Local Government" on the Register of Public Sector Bodies in Ireland which is maintained and updated by the Central Statistics Office (CSO): Public Sector Register of Public Sector Bodies 2023 - Final - Central Statistics Office
Outstanding Project Cost	Depending on the stage of the project, Outstanding Project Cost is calculated as follows: - Up to FC: Any cost/financial commitment including capital, financing and other but excluding contingent liabilities, associated with a proposed project or a granted MAC, which has not yet been incurred/expensed up to the estimated date of FC. - Post FC: Any cost/financial commitment including capital, financing and other but excluding contingent liabilities, associated with a proposed project or a granted MAC, which has not yet been incurred/expensed up to the estimated date of COD.
Profit after Tax Margin	(Turnover – all income statement expenses and tax) / turnover
Project Cost	Any cost/financial commitment including capital, financing and other but excluding contingent liabilities in respect of a MAC project.
Project Finance	The use of an SPV to deliver, fund, build and operate a MAC project – including via the use of limited or non-recourse finance.
Relevant Person	The applicant for, or holder, of a MAC and in the case of a consortium, each party whose resources are being relied upon.
Supporting Entity	Where a Relevant Person is relying on the resources of another entity / entities or undertakings with which it is directly or indirectly linked.
Taxes	Corporation tax, capital gains tax, VAT, rates, stamp duty and any other taxes. For the avoidance of doubt, consent levies are not Taxes for the purposes of this Guidance.
Turnover Ratio	All trading revenue earned / total Project Costs
Undrawn Credit Facilities	Committed facilities that are available to be drawn down from a financial institution with a credit rating that is investment grade or higher.

Table of Contents

1. Introduction 6
2. Approach 9
3. Information requirements 14
4. Financial tests 17
5. Overview of financial capability assessment thresholds 20
6. Comply or Explain 26
7. Funding arrangements 27
8. Rehabilitation Costs 29
9. Ongoing Compliance 30
10. Queries 32

Appendix 1 - Examples of Financial Assessment Test Calculations 33

1. Introduction

1.1 The Maritime Area Planning ("MAP") Act 2021 (the "Act"), as amended is the primary legislation that regulates the use and occupation of the Irish maritime area, replacing exiting State and development permission regimes with one State consent, a Maritime Area Consent ("MAC") and one development permission (planning permission), which includes a single environmental assessment. In conjunction, a new regulatory authority has been established, The Maritime Area Regulatory Authority ("MARA") whose functions are set out in the Act[1], overseeing the new State consent regime.

1.2 The Act states that any proposed maritime usage of the Irish maritime area requires a MAC prior to applying for development permission, except for those usages listed in Schedule 3 of the Act. In addition, the Act also states that a MAC is required for all proposed maritime usages which are not subject to the granting of development permission, except for those usages listed in Schedule 4 of the Act.

1.3 The purpose of this document (the "Guidance"), is to outline the process that MARA will employ to assess the financial capability of a Relevant Person[2] in the context of the Act[3] and will apply to all Relevant Persons from the date of publication. This Guidance should be read before attempting to complete the application form "Financial Capability Assessment Application Forms".

This Financial Capability Assessment (FCA) guidance is supplementary to the General Guidance for completing an application for a Maritime Area Consent (MAC). Further information is available on MARA's website.[4]

1.4 In order for a Relevant Person to be granted a Maritime Area Consent (MAC), or to continue to be the holder of a MAC, MARA must determine if the Relevant Person is a fit and proper person. The Act[3], as amended sets out the criteria with which MARA must have regard when determining whether a Relevant Person is a fit and proper person. In accordance with The Act[3], regard must be given to:

> *whether the relevant person is likely to be in a position to meet, or continue to meet, as the case may be, any financial commitments or obligations that the MARA reasonably considers will be entered into or incurred by the relevant person—*
>
> *(i) in undertaking the proposed maritime usage, or in continuing to undertake the maritime usage, as the case may be, or*
>
> *(ii) in ceasing to undertake the proposed maritime usage or the maritime usage, as the case may be.*

1.5 MARA will determine if the Relevant Person is a fit and proper person, having regard for the following considerations[5], as summarised below:

a) Provision of letters of reference;
b) Non conviction of an indictable offence including fraud or dishonesty;

[1] Maritime Area Planning Act, 2021: https://www.irishstatutebook.ie/eli/2021/act/50/enacted/en/html
[2] A Relevant Person may be a MAC applicant, or the holder of a MAC, and can be either a body corporate or an individual.
[3] Schedule 2(2)(h) of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/schedule/2/enacted/en/html
[4] Applying for a Maritime Area Consent - MARA - The Maritime Regulator: https://www.maritimeregulator.ie/our-work/maritime-area-consents/maritime-area-consent-mac/
[5] Schedule 2(2) of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/schedule/2/enacted/en/html

c) Where a Relevant Person is a body corporate, directors should not be subject to disqualification orders;
d) Where a Relevant Person is an individual, they have not been adjudicated as bankrupt or subject to bankruptcy proceedings;
e) Where a Relevant Person is a body corporate, it should not have:
   (i) commenced or is subject to a winding-up order;
   (ii) proposed a compromise or arrangement that is sanctioned under The Companies Act, 2014[6] or the Companies Act[7], 1963; or
   (iii) subject to the appointment of a receiver.
f) Where the Relevant Person is a body corporate incorporated outside of Ireland, events corresponding to those referred to in 1.7(c) and 1.7(e) should not have occurred;
g) Has the required technical knowledge and qualifications to undertake the proposed maritime usage;
h) Ability to meet financial commitments or obligations related to a MAC project; and
i) The Relevant Person's past performance with regards to the granting of:
   (i) a MAC;
   (ii) development permission;
   (iii) a licence; or
   (iv) an authorisation.

1.6 In accordance with the conditions set out in the Act[8], the holder of a MAC must ensure that they remain a fit and proper person for the duration that a MAC is held, taking account of the considerations highlighted in Section 1.5. Separately, a number of additional conditions may be attached to a MAC, as highlighted in the Act[9] which the Relevant Person must comply with, in order to receive or continue to hold a MAC.

1.7 As per Section 1.5(h), a Relevant Person should be in a position to meet, or continue to meet, any financial commitments or obligations that MARA reasonably considers will be incurred in relation to a MAC. Accordingly, the Relevant Person will be required to undergo a financial capability assessment, applying various tests whereby the Relevant Person is expected to meet specific thresholds, with the aim of assisting MARA in determining if the Relevant Person is deemed a fit and proper person from a financial perspective.

1.8 The Guidance is designed to ensure that the financial capability assessment process is:

a) robust - to ensure the State adequately addresses its risk;
b) proportionate - to the risk presented to the State by the Relevant Person and a MAC project;
c) transparent - regarding the requirements of the Relevant Person; and
d) efficient - with information requirements being clear to the Relevant Person at the outset.

1.9 It is important to note that this Guidance document is:

a) for guidance purposes only and MARA may, at its absolute discretion, elect to depart from the approach set out in this Guidance;
b) supplementary to the Act, which takes precedence over this Guidance;

[6] Section 453 of The Companies Act, 2014: https://www.irishstatutebook.ie/eli/2014/act/38/section/453/enacted/en/html
[7] Section 201 of the Act of 1963: https://www.irishstatutebook.ie/eli/1963/act/33/section/201/enacted/en/html
[8] Schedule 6(2) of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/schedule/6/enacted/en/html#sched6
[9] Schedule 6(1) of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/schedule/6/enacted/en/html#sched6

c) not a substitute for any regulation or law and does not have a binding legal effect;
d) not a substitute for any other financial assessments that may be carried out by another regulator; and
e) made specifically and exclusively for the purposes set out within; and will be kept under review by MARA and may be amended as deemed appropriate by MARA.

2. Approach

2.1 Introduction

2.1.1 The financial capability of a Relevant Person will be assessed by applying the financial tests and thresholds as set out in Sections 4 and 5 of this Guidance. A Relevant Person that meets the required thresholds will be deemed capable of meeting its Project Costs i.e., any cost or financial commitment in respect of a MAC project (refer to the Glossary).

2.1.2 Where a Relevant Person does not meet any one of the financial test thresholds, the onus is on the Relevant Person to demonstrate to MARA that this does not impact on its ability to meet its Project Costs.

2.1.3. In accordance with the Act[10], MARA reserves the right to request additional information in relation to any matter to which the MAC application relates.

2.1.4. The findings from the financial capability assessment will form part of the overall determination of a Relevant Person's fit and proper status taking account of the considerations highlighted in Section 1.5 and conditions attached to a MAC. It should be noted that irrespective of the findings from the financial assessment, the determination of a Relevant Person as a fit and proper person from a financial capability perspective is at the sole and absolute discretion of MARA.

2.2 When this guidance applies

2.2.1 This guidance applies to:

(i) new MAC application for proposed or existing maritime usages;
(ii) changes to an existing MAC or Foreshore Authorisation;
(iii) compliance and enforcement of granted MACs;
(iv) other circumstances, as required.

2.2.2 This guidance applies to all MAC applications, which fall under the following provisions of the Maritime Area Planning Act 2021;

(i) Section 75 - When MAC is required prior to seeking development permission, etc.;
(ii) Section 75A - When MAC is required after grant of certain development permission;
(iii) Section 76 - When MAC is required but not development permission, etc.;
(iv) Section 85 - Assignment of MAC (including change of control);
(v) Section 86 - Material amendment to MAC;
(vi) Section 105 - Transitional provisions for certain foreshore authorisations (including, amendment or assignment of an existing foreshore authorisation or continued occupation of that part maritime area post expiration of an existing foreshore authorisation); and
(vii) Section 106 - Transitional provisions for certain unauthorised maritime usages (existing).

2.2.3 The Guidance will be utilised for the purpose of compliance and enforcement of MACs, with regard to a MAC holder's financial capability to continue to hold a MAC, as set out in Section 9.

2.2.4 The circumstances highlighted above are not exhaustive and the Guidance may be applied in other situations where financial resources are required by a Relevant Person to meet its Project Costs in respect of a MAC.

[10] Section 79 of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/section/79/enacted/en/html#sec79

The financial thresholds will change over time taking account of different stages of a MAC project as it progresses, including development and funding arrangements. Figure 1. Outlines the Financial Capability Assessment process for the lifecycle of a MAC.

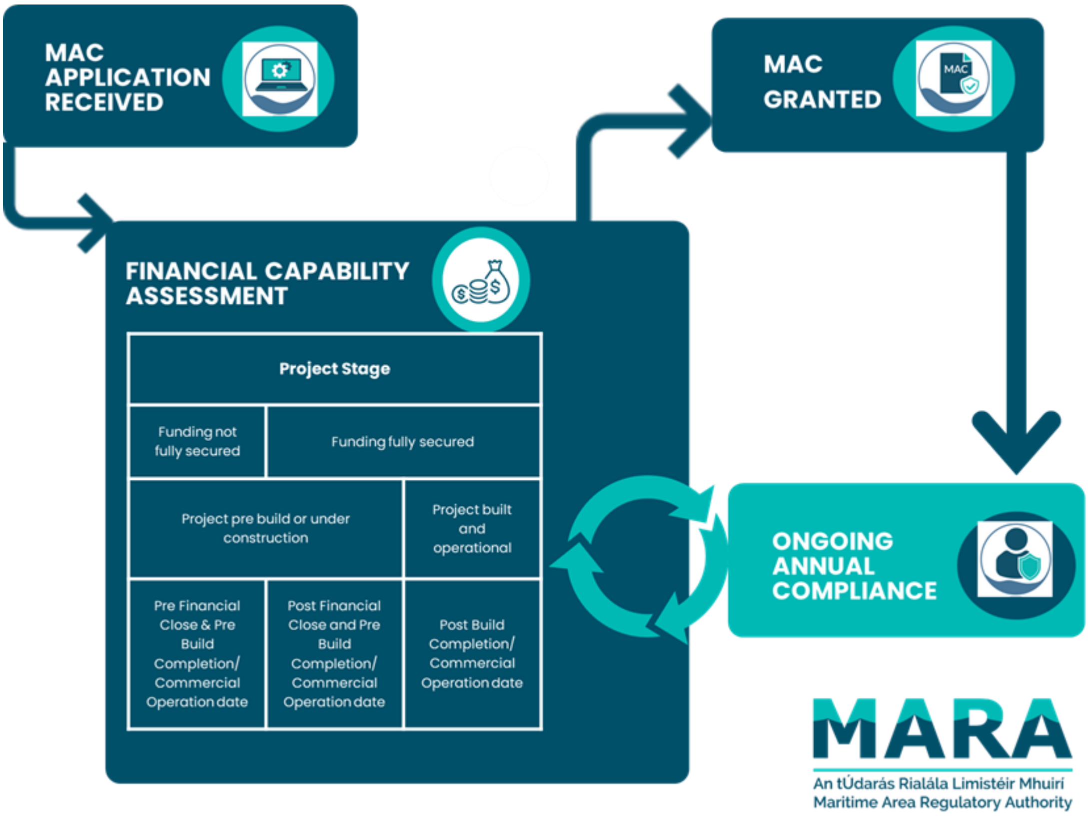

Figure 1. Financial Capability Assessment process for the lifecycle of a Maritime Area Consent

2.3. Form of the Relevant Person

2.3.1. A Relevant Person may be a MAC applicant, or the holder of a MAC, and can be either a body corporate or an individual.

A body corporate can only make a MAC application if it meets the following criteria[11]:

a) A company.
b) A European Economic Area company within the meaning of Part 21 of The Companies Act[12], 2014.
c) A public body.
d) Engaged principally in non-commercial activities or works.

2.3.2. A Relevant Person who is a body corporate, can be incorporated under Irish Law or an incorporated non-Irish company. All MACs held by non-Irish companies must have permanent representation in Ireland which is fully authorised to act for the company or has the ability to enter into binding agreements in its name.

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[11] Section 79 of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/section/79/enacted/en/html#sec79
[12] The Companies Act, 2014: https://www.irishstatutebook.ie/eli/2014/act/38/enacted/en/html

2.3.3. Where an application is submitted on behalf of another entity, the party committed to delivering the MAC project is deemed to be the Relevant Person for the purposes of the financial capability assessment.

2.4. Basis of financial capability assessment

2.4.1. In order to determine the financial capability of a Relevant Person, MARA will apply a number of financial tests to assess the ability of the Relevant Person to meet all Project Costs that may arise. The applied tests are summarised below:

(i) **Going Concern:** Indicates the overall financial health of a company and its ability to continue trading for the foreseeable future.
(ii) **Turnover ratio:** Measures the scale and capacity of a company by its turnover from trading activities over a set period, as a multiple of total Project Costs.
(iii) **Profit after Tax Margin:** Assesses the amount of residual profit earned by a company after deducting all expenses and tax, as a percentage of turnover.
(iv) **Current Ratio:** Indicates a company's ability to pay its short-term obligations using its short-term assets.
(v) **Interest Cover:** Assesses the amount of profit before deducting interest and tax, available to cover interest expenses.
(vi) **Gearing:** Measures a company's financial leverage and provides details on its funding structure i.e., amount of funding sourced from lenders compared to shareholders.
(vii) **Financial Resources:** Assesses the cash available to a company, including cash reserves and undrawn funds from credit facilities, which the Relevant Person has access to fund a MAC project.
(viii) **Net Assets:** Determines if a company has assets greater than its liabilities, indicating that the company has brought in more income than it has paid out in expenses.

2.4.2. Refer to Sections 4 and 5 for further details on the financial capability assessment tests.

2.5. Self-assessment

2.5.1. In line with the aims of the Guidance e.g., transparency, robustness, and to ensure a consistent streamlined process whereby applications are processed in a timely manner, MARA requires the Relevant Person to carry out the financial capability tests based on a self-assessment approach before submitting to MARA.

2.5.2. In the Financial Capability Assessment Application Forms, which are separate to the Guidance, there are a number of forms including the financial capability tests which must be completed on a self-assessment basis. This approach allows the Relevant Person to identify where additional information or explanations are required to demonstrate their financial capability.

2.6. Information requirements

2.6.1. As part of the financial capability assessment the Relevant Person should provide all required information as set out in Section 3.

2.7. Reliance on another entity

2.7.1. In order to prove financial capability, a Relevant Person may rely on the resources of another entity(s) or undertaking(s), which may be a parent or a non-parent company ("Supporting Entity"). Where this is the case, the financial capability assessment will be carried out on the Supporting Entity(s) and not the Relevant Person.

2.7.2. A Relevant Person may rely on more than one Supporting Entity and each entity will be assessed on a pro rata basis, taking account of their share of Project Costs, to ensure that the required thresholds are met.

2.7.3. Where a Supporting Entity(s) is relied on to meet financial test thresholds, a Supporting Entity Guarantee ("SEG") must be signed. The SEG does not form part of the financial capability assessment and the purpose of SEG is to ensure payment of levy up to commercial operation / build completion. Based on information submitted in the relevant application form, refer to Section 3.4, MARA will draft a SEG, which must be signed by the Supporting Entity. Upon receipt of the original signed SEG, it will be reviewed and verified by MARA and an executed copy of the SEG will be sent to the Relevant Person. The original executed document will be retained by MARA.

2.7.4. This type of support does not negate the responsibility of the Relevant Person to provide all necessary documentation (including that of any Supporting Entity) upfront to MARA. This approach ensures that MARA has a single point of contact for the purposes of communication.

2.8. Relevant Persons with investment grade credit rating

2.8.1. In the case of a Relevant Person or Supporting Entity with an investment grade credit rating, MARA will take account of the rating when assessing the outputs from the financial capability assessment. Evidence of the rating should be provided in addition to the financial information requirements as set out in Section 3 of this Guidance.

2.8.2. The credit rating should be from a recognised rating agency and should fall within their investment grade classification, for example, no lower than BBB- for Standard & Poor's ("S&P"), Baa3 for Moody's, BBB for Fitch, etc.

2.9. Consortia

2.9.1. Where a consortium has applied for or been granted a MAC, each party whose resources are relied upon will be deemed to be a Relevant Person. As a result, all parties will be required to provide the information outlined in Section 3.

2.9.2. Each consortium member will undergo a financial capability assessment on a pro rata basis, taking account of each party's share of Project Costs.

2.10. Multiple MACs

2.10.1. Where a Relevant Person has applied for and / or been awarded more than one MAC, the financial resources test will factor in all Outstanding Project Costs for all MAC projects which have yet to reach build completion/commercial operation.

2.10.2. Where a Relevant Person is a member of a consortium involved in multiple MAC projects or MAC applications, the Relevant Person's share of all Outstanding Project Costs in each MAC project or application, will be factored into the financial resources test of the Relevant Person.

2.11. Specific funding arrangements

2.11.1. MARA will consider all types of credible funding arrangements and does not wish to unnecessarily deter any Relevant Person from proposing specific or innovative funding methods. It is noted that certain funding arrangements may not be evidenced within the financial capability assessments as set out in Section 5 of this Guidance.

To assist a Relevant Person, Section 7 of the Guidance sets out some examples of the funding options which may represent mitigating actions where financial assessment thresholds have not been met. The onus is on the Relevant Person to provide all relevant details and supporting documentation plus assurances on funding arrangements.

2.12. Post balance sheet events

2.12.1. A Relevant Person, in making a MAC application, is required to provide a written statement confirming that since the date of the latest submitted financial information, there has not been;

i. any material adverse change in financial or trading position which may impact the assessment of financial capability as set out within this Guidance;

ii. any material adverse post balance sheet event that may impact the assessment of financial capability as set out within this Guidance; and

iii. any contingent liabilities or significant losses which may impact the assessment of financial capability as set out within this Guidance.

3. Information requirements

3.1. Introduction

3.1.1. A Relevant Person is required to provide the information as set out within this Guidance. In the case of a consortium, each consortium member is required to complete the Financial Capability Assessment Application Forms and provide associated supporting information.

3.1.2. The provision of self-assessment forms in the Financial Capability Assessment Application Forms document allows the Relevant Person to provide additional information and explanations for extenuating circumstances or mitigating actions, as set out in Section 6.

3.2. Source documentation

3.2.1. A Relevant Person is required to submit statutory audited financial statements for the last two financial periods which have been filed with the Companies Registration Office (or equivalent for non-Irish based companies) that;

a) contains an income statement, balance sheet and statement of cash flows for the latest and a comparable prior period;
b) provided in, or translated to, English; and
c) prepared under Irish Generally Accepted Accounting Principles ("GAAP"), International Financial Reporting Standards ("IFRS"), or GAAP of the jurisdiction in which the Relevant Person is registered.

3.2.2. Where a Relevant Person does not have statutory audited financial statements or where the most recent filed audited financial statements are older than 12 months, the Relevant Person is required to provide the latest available management financial statements which are either:

a) accompanied by a letter of assurance from the directors of the Relevant Person, stating that the accounts provide a true and fair statement of the Relevant Person's financial position; or
b) where Project Costs are greater than €10m, reviewed and validated by a registered accountant.

3.2.3. If a Relevant Person is relying on a Supporting Entity, the requirements listed above apply to both the Relevant Person and the Supporting Entity. As highlighted in Section 2.7, where the Relevant Person is relying on the resources of a Supporting Entity to meet any of the financial test thresholds, only the Supporting Entity will be subject to the financial capability assessment. However, any anomalies in the financial situation of the Relevant Person may require further analysis and may be factored into MARA's overall assessment of the MAC application.

3.3. Self-assessment and other requirements

3.3.1. To enable the financial capability assessment, the Relevant Person is required to provide the following information as set out below and submitted using the Financial Capability Assessment Application Forms document:

(i) **Relevant Person Information –** Name, address and contact details, including information concerning place of registration, principal place of business and the year of establishment. Refer to Section 2.3 of this guidance and Financial Capability Assessment Application Form A.

(ii) **Supporting Entity Information –** Where applicable, company name, registration number, jurisdiction and legal form of the entity. Refer to Sections 2.7, 3.2.3, 3.4 of this guidance and Financial Capability Assessment Application Form B.

(iii) **Consortium Information –** Details on all consortium members' roles and the percentage/share of the MAC Project Costs to be completed by each member. Refer to Section 2.9 of this guidance and Financial Capability Assessment Application Form C.

(iv) **Authorised Liaison –** A non-Irish registered Relevant Person must appoint a contact, who is registered in Ireland, to act as an authorised representative in liaising with MARA. Refer to Financial Capability Assessment Application Form D.

(v) **Overview of the MAC project and Project Costs –** A high-level description of the MAC project, an overview of the project delivery plan including annual workstreams and Project Costs by workstream, and the expected percentage completion of the project by year. Refer Section 4.2 of this guidance and Financial Capability Assessment Application Form E.

(vi) **Rehabilitation Costs –** Details on estimated rehabilitation costs, broken down by phase must be provided for all MAC applications. Refer to Section 8 of this guidance and Financial Capability Assessment Application Form F.

(vii) **Outstanding Project Costs –** Details on Outstanding Project Costs relating to all MACs held by the Relevant Person, and / or all MAC applications submitted by the Relevant Person. Refer to Section 2.10 of this guidance and Financial Capability Assessment Application Form G.

(viii) **Details of funding arrangements –** Description and supporting information/documents on proposed funding arrangements to cover Project Costs, including the completion of a sources and uses table, providing a forecast of available funding, split across each funding instrument i.e., debt, equity, cash etc., on an annual basis over the build period. Refer to Section 2.11 and Section 7 of this guidance and Financial Capability Assessment Application Form H.

(ix) **Post balance sheet events –** A statement confirming that there have been no material adverse changes in the financial circumstances of the Relevant Person after the balance sheet date of the latest financial statements provided. Where this is not the case, the Relevant Person should provide details along with supporting documentation. Refer Section 2.12 of this guidance and Financial Capability Assessment Application Form I.

(x) **Going Concern –** Details on going concern status of the Relevant Person, including reason(s) for any qualification and rectification actions. Refer to Section 5.2 of this guidance and Financial Capability Assessment Application Form J.

(xi) **Financial capability assessment –** Completed self-assessment templates with all calculations/inputs clearly referenced to supporting documentation e.g., audited financial statements. Refer to Section 4, 5 & 6 of this guidance and Financial Capability Assessment Application Form K.

(xii) **Application Checklists –** Applicants must complete the relevant checklist as part of their submission. Refer to Checklists in the Financial Capability Assessment Application Forms document.

3.3.2. For illustrative purposes, Appendix 1 provides worked examples of test calculations for projects classified under Group 1 and Group 2, taking account of various stages of a project i.e., pre-FC, post-FC pre build completion / COD, and post build completion / COD.

3.4. Information required when relying on a Supporting Entity

3.4.1. A Relevant Person relying on the resources of a Supporting Entity is required to provide the source documentation specified in Section 3.2, in respect of the Supporting Entities.

3.4.2. Where a Relevant Person proposes to rely on a Supporting Entity, an executed legally binding guarantee as highlighted in Section 2.7, must be signed by the Supporting Entity, guaranteeing the payment of MAC annual levies up to build completion, in the event that the Relevant Person is unable to meet this financial commitment.

3.4.3. Where the Supporting Entity is not incorporated in Ireland, a legal opinion should be submitted with the guarantee. The opinion should be provided by an authorised law firm that is legally allowed to act in the jurisdiction in which the Supporting Entity is incorporated and / or domiciled in and state that the guarantee is enforceable. Separately, an Irish law firm should also provide an opinion on the guarantee to ensure its enforceability in the Irish State.

4. Financial tests

4.1. Overview of financial tests

4.1.1. The financial capability assessment of a Relevant Person considers the ability of the Relevant Person to deliver a MAC project by applying a range of financial tests. The applied tests assess the financial performance of the Relevant Person in each of the last two financial periods, to ensure that they are of good financial standing and solvent, in addition to having sufficient scale and income generation to deliver a MAC project.

4.1.2. Due to the broad range of body corporates and the varying sizes of potential projects subject to a MAC, the guidance aims to apply financial tests and thresholds which are proportionate to the scale of the MAC project being undertaken.

4.1.3. Accordingly, various financial tests have been assigned across two groups, whereby the total Project Costs (Refer to Section 4.2) to reach build completion or commencement of operations for a MAC project, determine which group a Relevant Person falls under and the corresponding tests that will form the basis of the financial capability assessment:

- Group 1 – Up to €10m.
- Group 2 – Greater than €10m.

4.1.4. Table 1 in Section 5 set outs the financial assessment tests and/or requirements applied under each group at the various stages of a project.

4.1.5. MARA reserves the right to apply tests from a higher grouping where it is deemed appropriate when carrying out a financial capability assessment of a Relevant Person.

4.1.6. Where the total amount of Project Costs has varied as per those submitted at the original application stage, details should be provided, setting out the reason for the change along with supporting documentation. Where the variation in the total amount of Project Costs is deemed to be material, MARA reserves the right to carry out more analysis which may include reassessing the Relevant Person from a financial perspective. Accordingly, the Relevant Person should confirm the total amount of finalised Project Costs either at Financial Close (“FC”) date or at the earliest possible date prior to commencement of the main construction phase of a MAC project.

4.1.7. All Relevant Persons will be required to undergo financial capability assessment tests with the exception of Local Authorities, Non-Commercial State Bodies[13], and / or individuals.

4.1.8. While Local Authorities and Non-Commercial State Bodies are not subject to financial capability assessment tests, all Application Forms should be completed bar those relating to the financial tests i.e., Form K. Separately, a letter of assurance[14] signed by the relevant approving authority should be provided, confirming;

- the amount (euro) of funding available; and
- eligibility to source this type of funding.

[13] Non- Commercial State Bodies will be viewed as those entities listed as “Non-Commercial Agencies under the aegis of Department/Local Government” on the Register of Public Sector Bodies in Ireland which is maintained and updated by the Central Statistics Office (CSO): Public Sector Register of Public Sector Bodies 2023 - Final - Central Statistics Office

[14] Further assurance may be given by the Local Authority/Non-Commercial State Body or their parent government department

A separate letter of assurance will be required to confirm the source and availability of funds for the balance of project costs where not fully covered by grant funding.

4.1.9. Similarly, an individual must complete all of the Application Forms with the exception of Form K. Also, a letter of assurance from a qualified accounting / tax professional that is registered with a recognised professional body should be provided, stating that the individual has sufficient funds and / or funding arrangements in place to cover all Project Costs.

4.2. Project Costs

4.2.1. Due to the timing of the MAC application i.e., usually, at pre-planning stage, some contractual arrangements relating to project construction may still be under discussion. Where this is the case, the Relevant Person should provide a best estimate for Project Costs based on latest discussions, industry knowledge/standard and experience in delivering similar projects.

4.2.2. Where a project traverses both the maritime area and terrestrial (land), an applicant is required to provide sufficient detail and explanation (in Form E) on whether the completion of the maritime elements is intrinsically linked (i.e. directly dependent on completion of) to the terrestrial elements.

4.2.3. In some cases, the terrestrial elements of a project are intrinsic to the maritime elements of a project, or vice a versa, such that one aspect cannot be completed without the other. For example, where a wastewater treatment plant is proposed to be developed on land, with an outfall pipe extending into the maritime area, then the outfall pipe relies on the completion of the plant on land in order for the maritime part to be viable/deliverable. In other cases, while a project may traverse, the maritime area and land, completion of each element may not be intrinsic upon each other. For example, a maritime interconnector may have multiple options for terrestrial offtake, as result some/all land elements may not be considered intrinsic.

4.2.4. Where terrestrial elements are considered to be intrinsic to the maritime project (refer to Form E), these costs should be included in the total Project Costs, for the purposes of the assessment, including Financial Capability Assessment (Form K) and Summary Sources and Uses of Funds Table (Form H) of the application form.

4.2.5. MARA at its sole discretion may determine that Project Costs should include intrinsic terrestrial (land) costs in the relevant financial tests.

4.3. Project with Multiple Phases

4.3.1. Where a project consists of multiple phases, the Relevant Person can seek to apply for a MAC relating to a specific maritime area per phase or covering all of the project phases.

4.4. Use of Project Finance and Special Purpose Vehicle

4.4.1. Where a Relevant Person indicates that a Project Finance structure (as defined in the Glossary of this Guidance) has been adopted and that FC has been achieved [15]and the delivery entity i.e., Special

[15] For Project Finance, whereby FC has been achieved, it is likely to be limited in number at the MAC application stage, as projects using this type of funding structure generally require development permission pre FC, which can only be sought once a MAC has been obtained)

Purpose Vehicle[16] ("SPV") has been fully funded, the financial assessment will primarily rely on the Relevant Person demonstrating compliance with applied financial covenants[17] at the time of the assessment i.e. post FC, pre Build / post Commercial Operation Date (COD), as required per the project's funding arrangements.

4.4.2. Under the scenario highlighted in Section 4.3.1, the Relevant Person will be expected to provide evidence, demonstrating that its funding arrangements meet the definition of a Project Finance structure.

[16] Where the Relevant Person is an SPV whose project is at the pre-FC stage, it is likely that the Relevant Person will need to rely on a SEG, who in turn will be subject to the applicable assessment tests highlighted in Table 1. Accordingly, the Relevant Person may be required to demonstrate that the SPV has been fully funded within a set period of time.

[17] Examples of financial covenants Post FC and pre-build completion/COD maybe be based on sizing cover ratios and funding of reserve accounts, etc. In the case of post build completion/COD financial covenants, these may include debt service/loan life cover ratios, etc.

5. Overview of financial capability assessment thresholds

5.1. Financial Capability Assessment

5.1.1. The financial capability tests assess the Relevant Person's financial performance over the last two financial periods, its available funding including cash, scale of operations and ability to generate income. The assessment includes confirmation of the Relevant Person's Going Concern status, calculation of turnover ratio, profit after tax, current ratio, capital structure (Gearing), interest cover, financial resources and net assets. The application and findings from the tests will assist MARA in determining that the Relevant Person is in good financial health and capable of covering all Project Costs.

5.1.2. Accordingly, this section provides details on the specific financial capability assessment tests. Table 1 sets out an overview of the applied tests, applicable thresholds and other requirements at the various stages of a project.

5.1.3. Where a financial threshold is not met the Relevant Person will be expected to give detailed justification on reasons for this and evidence of their financially capability to deliver the project. Refer to Section 6 - Comply or Explain.

5.2. Going Concern

An established company with a strong track record of solvency is more likely to be capable of meeting its financial commitments and liabilities. The Going Concern status of a company is a good indicator of its solvency and financial health. Depending on the jurisdiction of the Relevant Person, the statutory accounts may include an independent auditor's report on Going Concern status. The accounts may also include a director's report outlining the Relevant Person's performance and any issues affecting it during the relevant period. MARA will review information which includes, but is not limited to, the auditor's and director's report statements on Going Concern.

Expectation:
Unqualified opinion with no statement of material uncertainty related to going concern.

5.3. Turnover Ratio

The Turnover Ratio assesses the level of turnover from trading activities a company generates as a multiple of total Project Costs, in order to determine if the company has sufficient scale, cash generation ability and funding to deliver a MAC project. Turnover Ratio is calculated, as follows:

Turnover Ratio = all trading revenue earned / total Project Costs

Expectation:
Not applicable to Group 1.
Group 2 tests should show a minimum Turnover Ratio of 1.5 times.

Consortium members will be assessed on a pro-rata basis against the expected Turnover Ratio level. For example, where a MAC project involves two parties, each assuming a 50% share of Project Costs, both parties will be expected to meet the required Turnover Ratio based on 50% of total Project Costs (i.e., If total Project Costs are €50m, both parties will apply €25m for total Project Costs in their Turnover Ratio calculation).

Where the Relevant Person does not meet the Turnover Ratio, it may be an indicator that the Relevant Person has limited trading revenues to support its working capital and funding requirements for the MAC project.

5.4. Profit after Tax Margin

Profit after Tax Margin measures the residual profit available to a company after deducting all expenses and tax, as a percentage of turnover. Profit after Tax margin is calculated, as follows:

Profit after Tax Margin = (turnover – all income statement expenses and tax) / turnover

The higher the Profit after Tax Margin, the more capable a company is of funding its liabilities while also earning a return for its shareholders.

Expectation:

Profit after Tax Margin should be equal to or greater than 3%.

Where the Relevant Person has a Profit after Tax Margin of less than 3%, it may signify that the Relevant Person has limited headroom to manage any increases in its cost base, financial shocks or contingent liabilities.

5.5. Current Ratio

The Current Ratio is a measure of a company's ability to pay its short-term liabilities using its short-term assets. Current Ratio is calculated, as follows:

Current Ratio = current assets / current liabilities

The higher the Current Ratio is compared to a set threshold, implies that a company has sufficient current assets to cover its current liabilities.

Expectation:

Current Ratio of equal to or greater than 1.0 times.

Where the Relevant Person has a Current Ratio of less than 1.0 times it may signify a liquidity issue for the Relevant Person in covering its current liabilities and may indicate that the Relevant Person is not financially viable. Where there are extenuating circumstances, the Relevant Person will be expected to provide detailed reasoning and evidence as to why its financial capability is not significantly impacted (including how working capital requirements are financed by adequate short-term funding arrangements).

5.6. Gearing

It is important to understand the Relevant Person's capital structure to the extent that operations are funded by third parties (lending institutions) compared to shareholders. A Gearing ratio calculation will be used to determine the Relevant Person's capital structure. Gearing ratio is calculated, as follows:

Gearing = total debt / (total debt + equity)

This ratio measures the total amount of debt against total capital in the business, which includes both debt and shareholder's equity. The ratio indicates the level of funding risk to which a business is exposed. A Relevant Person with a high level of debt, carries a greater risk as the debt will have to be serviced. Also, a high Gearing ratio may suggest that the Relevant Person could have difficulty in raising additional funds in the future.

The Gearing ratio takes into account all of the debt owed by the Relevant Person, however, some of the debt on the Relevant Person's balance sheet could include intra-group debt. A Relevant Person may feel that the inclusion of intra-group debt would misinterpret their true capital structure. Accordingly, the Relevant person should quantify the amount of intra-group debt while also providing an explanation on its nature, such that MARA can take this into consideration when undertaking their assessment.

Expectation:

Gearing of 60% or less.

Where the Relevant Person's Gearing ratio exceeds the threshold set out above, MARA will expect additional information to evidence that the Relevant Person is able to service its debt obligations as and when they fall due without putting undue stress on the financial capability of the Relevant Person. This may include historic debt service cover ratios evidencing that the debt obligations can be met.

5.7. Interest Cover Ratio

The Interest Cover ratio measures a company's profits before applying interest and tax, as a multiple of total interest expenses. Interest Cover ratio is calculated, as follows:

Interest Cover = earnings before interest and tax / total interest expenses

The higher the Interest Cover ratio compared to a set threshold, implies that a company is generating sufficient earnings to meet all of its interest obligations, and is more capable of buffering any short-term fall in profits which could affect its ability to make interest payments.
The Interest Cover ratio takes into account interest expenses relating to all debt owed by the Relevant Person, however, some of the debt on the Relevant Person's balance sheet could include intra-group debt. A Relevant Person may feel that the inclusion of intra-group debt would misinterpret their true capital structure. Accordingly, the Relevant Person should quantify the amount of intra-group debt and associated interest expenses while also providing an explanation on its nature, such that MARA can take this into consideration when undertaken their assessment.

Expectation:

Interest Cover of 2.5 times or greater.

Where the Relevant Person's Interest Cover ratio is less than the 2.5 times, MARA will expect additional information to evidence that the Relevant Person is able to service its interest expense obligations as and when they fall due, without putting undue stress on the financial capability of the Relevant Person. This may include historic interest cover ratios evidencing that debt obligations can be met.

5.8. Financial Resources

A company's Financial Resources represent the level of liquid assets which a company can access immediately. Financial Resources is calculated, as follows:

Financial Resources = cash and cash equivalents + Undrawn Credit Facilities

Undrawn Credit Facilities should only be included if they are committed undrawn facilities and from a financial institution with a credit rating that is investment grade or higher. Each element of the calculation should be clearly identifiable.

Expectation:

Financial Resources equal to or greater than total Outstanding Project Costs.

MARA notes that depending on the date which the calculation is performed, the Relevant Person may have certain or once-off obligations due in that period which could have a negative effect on its available cash. Where this is the case, the Relevant Person should highlight this in the calculation which MARA may take into consideration when undertaking their assessment.

Consortium members will be assessed on a pro-rata basis against the expected Financial Resources level. For example, where a MAC project involves two parties, each assuming a 50% share of all Project Costs (€100m), and where the project is at the pre-FC stage, both parties will be expected to have minimum Financial Resources of 50% of Outstanding Project Costs pre-FC i.e., total Outstanding Project costs are €30m at the pre-FC stage, both parties must have a minimum €15m of Financial Resources in each of the prior two years. Where the project is at the post-FC stage, both parties will be expected to have minimum Financial Resources of €35m in each of the prior two years.

Where the Relevant Person does not have the expected Financial Resources, it may be an indicator that the Relevant Person will not be able to fund its total Outstanding Project Costs. As a result, the Relevant Person will be expected to provide additional information to evidence its financial capability, which should include reference to specific funding arrangements as set out in Section 7.

5.9. Net Assets

The Net Assets calculation determines if a company's total assets exceed its total liabilities. Net Assets is calculated, as follows:

Net Assets = total assets – total liabilities

A positive Net Assets value demonstrates that the Relevant Person's business has excess assets compared to liabilities and is an indicator that over time, the company has brought in more income than it has paid out in expenses. The greater the excess of assets over liabilities, the better the Relevant Person's financial position and potential to continue trading into the foreseeable future.

Expectation:

Group 1 assessments should show positive Net Assets.

Group 2 assessments should show minimum Net Assets totalling:

- 25% of Project Costs at the pre-FC stage.
- 50% of Project Costs at the post-FC stage.

In the case of Group 2, consortium members will be assessed on a pro-rata basis against the expected Net Asset level. For example, where a MAC project involves two parties, each assuming a 50% share of all Project Costs, and where the project is at the pre-FC stage, both parties will be expected to have minimum Net Assets equating to 25% of their share of Project Costs i.e., total Project costs are €100m, both parties must have a minimum €12.5m of Net Assets in each of the prior two years. Where the project is at the post FC stage, both parties will be expected to have minimum Net Assets of €25m (50% of €50m) in each of the prior two years.[18]

Where the Relevant Person's Net Assets value is below the set threshold, it could potentially indicate that the Relevant Person may find it difficult to overcome any unforeseen financial shocks or contingent liabilities due to limited resources. Where there are extenuating circumstances, the Relevant Person is expected to provide detailed reasoning and evidence as to why its financial capability is not significantly impacted.

[18] In the case of ongoing assessments, where the Relevant Person met the 25% threshold at the pre-FC stage but would have failed the 50% threshold if applied at this stage, the Relevant Person is only required to demonstrate compliance with the 50% threshold in the applicable year of the ongoing assessment post-FC pre build completion/COD. Refer to Section 9.1 for further details on Ongoing assessment of fit & proper status.

Table 1: Applied Financial Assessment Tests & Thresholds plus Requirements at the Various Stages of a Project

Project Value	**Group 1 (under €10m)**					**Group 2 (over €10m)**				
Stage of Project	**Pre Financial Close (FC) & Pre Build Completion**	**Post FC and pre-Build Completion**		**Post Build Completion/ Start of Commercial Operation Date (COD)**		**Pre FC & Pre Build Completion**	**Post FC and pre-Build Completion**		**Post Build Completion/ Start of COD**	
Project Funding Arrangement		**Funding using existing Resources or New 3rd Party Funding**[19]	**Project Finance**	**Funding using existing Resources or New 3rd Party Funding**	**Project Finance**		**Funding using existing Resources or New 3rd Party Funding**	**Project Finance**	**Funding using existing Resources or New 3rd Party Funding**	**Project Finance**
Going Concern	*Unqualified Opinion with No Statement of Material Uncertainty*					*Unqualified Opinion with No Statement of Material Uncertainty*				
Turnover Ratio	*N/A*	*N/A*	*Demonstrate/ confirm compliance with financial covenants during drawdown/ build*	*N/A*	*Demonstrate/ confirm compliance with financial covenants post build/COD i.e., Debt Service Cover Ratio, Loan Life Cover Ratio etc.*	*1.5x*	*1.5x*	*Demonstrate/ confirm compliance with financial covenants during drawdown/ build*	*1.5x*	*Demonstrate/ confirm compliance with financial covenants post build/COD i.e., Debt Service Cover Ratio, Loan Life Cover Ratio etc.*
Profit after Tax Margin	*3%*	*3%*		*3%*		*3%*	*3%*		*3%*	
Current Ratio	*1.0x*	*1.0x*		*1.0x*		*1.0x*	*1.0x*		*1.0x*	
Gearing	*60%*	*60%*		*60%*		*60%*	*60%*		*60%*	
Interest Cover	*2.5x*	*2.5x*		*2.5x*		*2.5x*	*2.5x*		*2.5x*	
Financial Resources	*Total Outstanding Project Costs will equal all Project Costs to be incurred up to FC*	*Total Outstanding Project Costs will equal all Project Costs to be incurred post FC and up to build completion or COD*		*N/A*		*Total Outstanding Project Costs will equal all Project Costs to be incurred up to FC*	*Total Outstanding Project Costs will equal all Project Costs to be incurred post FC and up to build completion or COD*		*N/A*	
Net Assets	*Greater 0*	*Greater 0*		*Greater 0*		*Equal or Greater than 25% of total Project Costs*	*Equal or Greater than 50% of total Project Costs*		*Equal or Greater than 50% of total Project Costs*	
Confirmation	*N/A*	*N/A*	*N/A*	*The Relevant Person should also confirm that it has sufficient cash/funds available to meet all post build completion costs including debt service requirements, and that the project is performing as expected and there are no issues impacting its viability.*		*N/A*	*N/A*	*N/A*	*The Relevant Person should also confirm that it has sufficient cash/funds available to meet all post build completion costs including debt service requirements, and that the project is performing as expected and there are no issues impacting its viability.*	

[19] Refer to Section 7 for details on examples of funding arrangements which may be used/sourced by the Relevant Person to fund a project.

6. Comply or Explain

6.1. Where a Relevant Person is unable to meet any of the financial thresholds, this will not automatically result in the Relevant Person failing the financial capability assessment. However, the onus is on the Relevant Person to provide a sufficient explanation for each threshold not met, along with supporting evidence of extenuating circumstances or mitigating actions. All explanations should have limited negative impact on the company and not led to a material uncertainty with regards to the company's going concern status. Examples of reasons for not complying with a threshold, may include, but are not limited to:

- Unexpected/once off event i.e., fire, flood, pandemic etc.;
- Loss of a contract/customer which has since been replaced i.e., signed contract/new customer in place;
- Once off liability i.e., legal case etc.;
- Asset write off/impairment write down i.e., fixed asset, stock etc.;
- Short term volatility in market conditions i.e., commodity/currency pricing etc.; or
- Ability to source project finance to fund the proposed project where current gearing is high.

6.2. Note the above are only examples and all explanations should be tailored to each Relevant Person's circumstances, with an emphasis on why its financial capability is not significantly impacted. Also, explanations should include reference to specific funding arrangements to address cases where thresholds are not met. In considering any explanation provided, the response from the Relevant Person should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

7. Funding arrangements

7.1 As highlighted in Section 2.11, MARA considers all types of credible funding arrangements, and does not intend to unnecessarily deter any Relevant Person proposing specific or innovative funding methods. Separately, it is noted that certain funding arrangements may not be evidenced within the financial capability assessment tests detailed in Section 5.

7.2 This section sets out some of the funding arrangements which may represent mitigating actions in relation to the financial capability tests and the type of evidence that may be required. In such circumstances, the onus is on the Relevant Person to supply additional information to provide MARA with the necessary assurance.

7.3 The additional information or proof of actions undertaken by a Relevant Person will be reviewed by MARA to ensure that the Relevant Person has the necessary financial resources in place to cover its Project Costs.

7.4 Examples of funding arrangements and the associated expectations are provided below:

a) **Issue of Share Capital:** Funds may be raised through the issue of new share capital and fully committed underwriting agreements may be acceptable provided they are underwritten by a financial institution or stock brokerage with a minimum investment grade credit rating. All related share capital documentation should be made available for review.

b) **Loan Arrangements:** Funds including Project Finance may be sourced from commercial third-party debt providers, investment banks, multilateral lending institutions etc. If interest or capital payments are required before the MAC project completion date, the Relevant Person will need to provide further information on how they plan to service the debt. All related loan documentation should be made available for review.

c) **Cash Flows:** A Relevant Person may intend to fund its Project Costs using forecast cashflows. Where this is the case, the Relevant Person should provide evidence demonstrating its historic track record in generating sufficient cashflows and / or details of sale proceeds to be received from asset sales used to fund / part fund Project Costs.

d) **Line of Credit:** A Relevant Person may put in place a credit facility with a financial institution (e.g., a bank) which can be drawn down or repaid over an agreed period. The borrower can access and avail of this facility at any time providing the maximum amount of the facility is not exceeded. All related line of credit documentation should be made available for review.

e) **Letter of Credit:** A Relevant Person may obtain or provide a letter of credit from a financial institution (e.g., a bank) guaranteeing the payment of costs on time where the Relevant Person is unable to cover its Project Costs. All related letter of credit documentation should be made available for review.

f) **Grants:** Funding may be available through State or EU level grants to assist in the implementation of local and EU policies. All related grant documentation should be made available for review.

g) **Bonding:** A Relevant Person may be required to put in place bonding thus providing greater assurance that a MAC project will be completed on time and to the required specifications. To obtain a bond, a Relevant Person is likely to undergo extensive background and financial checks by a recognised surety which backs the bond. In cases where it is difficult to financially assess a Relevant Person, MARA may rely on these checks to form an opinion on the Relevant Person's financial capability. All related bonding documentation should be made available for review.

h) **An escrow agreement:** A Relevant Person may be requested to put in place an arrangement where it reserves / deposits cash equivalent for some / all of its Project Costs with a third person (escrow agent) or in a reserve account. The funds can only be paid out to beneficiaries, when specific conditions are met, which in this case are costs relating to the MAC project(s). All related escrow documentation should be made available for review.

7.5 It should be noted that executed funding arrangements may mitigate any non-compliance with financial test thresholds, and as a result, the Relevant Person where possible should look to have funding in place prior to making a MAC application.

7.6 Where a Relevant Person indicates that funding has yet to be finalised, details on its proposed funding approach i.e., use of third-party debt, Project Finance, share capital issuance etc., should be provided. Additionally, all relevant funding documentation should also be provided such as draft terms sheets, draft funding/underwriting agreements, letters of support, and any other contractual arrangements. It will be at the sole discretion of MARA as to whether the supplied information provides sufficient evidence on the Relevant Person's ability to fund Project Costs.

7.7 In cases where a MAC is granted in advance of funding arrangements being finalised, documented evidence of secured funding must be furnished to MARA.

8. Rehabilitation Costs

8.1 In accordance with the Section 96 of the Act[20], a MAC holder is obliged to rehabilitate the maritime area before the expiration of the MAC. In line with the requirement for the Relevant Person to remain a fit & proper person, details on estimated rehabilitation costs should be provided in Form F.

8.2 For the purposes of ensuring that all rehabilitation costs can be met, the Relevant Person may be required to reserve cash on an annual basis from 5 years prior to the end date of the associated maritime area being rehabilitated, for the purposes of ensuring that all rehabilitation costs can be met.

[20] Section 96 of the Act: https://www.irishstatutebook.ie/eli/2021/act/50/section/96/enacted/en/html#sec96

9. Ongoing Compliance

9.1 Ongoing assessment of fit & proper status

9.1.1. In addition, assessing MAC applications, this Guidance will be utilised for the purpose of compliance and enforcement of MACs with regard to the financial capability to continue to hold a MAC. MAC holders[21] will be required to confirm on an annual basis that they remain fit and proper, including that they still meet the financial test thresholds and requirements.

9.1.2. Each MAC holder is required to undertake an annual financial self-assessment applying the financial tests as set out in Table 1 in Section 5 (note the applicable tests where project finance is used), based on the latest statutory audited financial statements. The applied tests are based on the stage of the project (i.e. pre or post FC and pre-build completion or post build completion stage/COD).

9.1.3. Where a project has reached post build completion/COD, the MAC holder will be required to confirm in writing that it has sufficient funds available to meet all post build completion costs including debt service requirements and that the project is performing as expected plus there are no issues impacting its viability.

9.1.4. The MAC holder is required to submit an annual letter of assurance from a qualified accountant / tax professional registered with a recognised professional body[22], who either holds a senior position within the MAC holder's entity or acts as a third party who provides financial/tax services to the MAC holder. The assurance letter should state that the MAC holder continues to be a fit and proper person from a financial perspective, including compliance with applicable tests[23].

9.1.5. Where the MAC holder is not subject to financial assessment tests i.e., a private individual, Local Authority or Non-Commercial State Body, the annual assurance letter submitted by a similarly qualified person as referenced in Section 9.1.4, should state that the MAC holder remains a fit and proper person from a financial perspective. Also, the project has sufficient funds or financing arrangements to meet all project costs and/or sufficient funds available to cover all post build completion costs including debt service requirements and that the project is performing as expected plus there are no issues impacting its viability.

9.1.6. MARA reserves the right to carry-out / request ad hoc financial capability assessments on a Relevant Person, where it is deemed necessary, during the period that a MAC is held.

9.1.7. All annual financial assessments and demonstration of ongoing compliance requirements must be undertaken in accordance with the most recent version of the guidance, as published on MARAs website at the time.

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[21] Where the Relevant Person is relying on a Supporting Entity(s), the annual confirmation should be based on the Supporting Entity(s)'s ability to comply with the relevant financial assessment tests, as long as the Supporting Entity(s) is required to meet financial test thresholds and requirements.

[22] Examples of professional bodies may include, but is not limited to: The Association of Chartered Certified Accountants, Chartered Accountants Ireland, Chartered Institute of Management Accountants, Institute of Incorporated Public Accountants, International Register of Certificated Auditors etc.

[23] Where a MAC holder is unable to confirm compliance with its specific tests/thresholds, the confirmation should provide sufficient explanation as to why this does not negatively impact its ability to deliver the project, as set out in Section 6.

9.2 Non-Compliance with ongoing Fit and Proper requirements

9.2.1 Section 144 of the Act[24] prescribes the grounds for automatic termination of a MAC. Failure to comply with financial thresholds will be considered on an individual basis and may not constitute grounds for automatic termination. Where a MAC holder is unable to demonstrate compliance, the onus is on the MAC holder to provide sufficient explanations along with supporting evidence, where applicable, under Comply or Explain approach as set out in Section 6.

9.2.2 Section 144A of the Act[25] prescribes the grounds for termination of the authorisation by MARA including material breach and repeated cumulative breaches of a MAC. Termination under Section 144A is not an automatic process as termination cannot occur without MARA first providing the MAC holder an opportunity to resolve the issue(s) following the process outlined in the Section 141(3) of Act[26]. This includes issuing a notice in writing that MARA is 'minded to' issue an Enforcement Notice and allow the MAC holder to make reasonable representation in writing. From the start of the process the MAC holder is made aware of the reasons for the notice and given the opportunity to resolve the matter before it goes to issuing a notice. If not resolved at 'minded to' stage, an Enforcement Notice[27] can be issued directing the MAC holder to take steps as specified in the notice.

9.2.3 MARA's proactive approach to compliance assessment provides opportunities to the MAC holder to address potential or existing non-compliances before the need for actions such as an Enforcement Notice.

[24] Section 144 of the MAP Act: https://www.irishstatutebook.ie/eli/2021/act/50/enacted/en/print#sec144

[25] Section 144A of the MAP Act, as amended: https://www.irishstatutebook.ie/eli/2022/act/29/section/60/enacted/en/html#sec60

[26] Section 141(3) of the MAP Act and Section 143B(4) of the MAP Act, as amended:
https://www.irishstatutebook.ie/eli/2021/act/50/section/141/enacted/en/html#sec141
https://www.irishstatutebook.ie/eli/2022/act/29/section/58/enacted/en/html#sec58

[27] Section 141 of the Map Act: https://www.irishstatutebook.ie/eli/2021/act/50/section/141/enacted/en/html#sec141

10. Queries

10.1. Queries

10.1.1. The Relevant Person should direct any queries relating to financial capability assessment to MAC@mara.gov.ie.

Appendix 1 - Examples of Financial Assessment Test Calculations

For illustrative purposes, set out below are examples of financial test calculations applied to different types of projects i.e., at different stages, the number of MACs held etc., captured under Group 1 (up to €10m) or Group 2 (greater than €10m), examples include:

- Group 1 Example A – new MAC application pre-FC
- Group 1 Example B – annual confirmation post-FC and pre build completion/COD
- Group 1 Example C – annual confirmation post build completion/COD
- Group 1 Example D – new MAC application pre-FC taking account of previously granted MAC(s)
- Group 2 Example E – new MAC application pre-FC
- Group 2 Example F – annual confirmation post-FC and pre build completion/COD
- Group 2 Example G – annual confirmation post build completion/COD
- Group 2 Example H – new MAC application pre-FC taking account of previously granted MAC(s)
- Group 2 Example I – new application based on a Project Finance Structure

General financial information for Group 1 Examples

The table below sets out general project information relating to all Group 1 examples.

General Project Information	Details
Total Project Costs	€5m
Project Costs to FC	€1.5m
Project Costs post-FC up to build completion/COD	€3.5m
FC date	30 September 2026
Build completion/COD date	30 September 2028

Group 1 examples are based on one delivery entity whose audited financial statements are dated at year end i.e., 31 December. Set out below is a summary of the relevant financial information[28] used in the financial capability assessment test calculations:

Financial Information	2023 (€m)	2024 (€m)	2025 (€m)	2026 (€m)	2027 (€m)	2028 (€m)	2029 (€m)
Turnover	40	50	53	56	58	60	65
EBIT	6	7	8	9	10	11	12
Total Interest expense	1	1	2	2	2	2	2
Profit after Tax (Turnover – all income expenses and tax)	4	5	6	7	8	9	10
Current assets	9	11	12	13	13	14	15
Current liabilities	8	10	11	12	12	13	13
Total debt	25	28	30	31	33	35	36
Cash balance + Undrawn Credit Facilities	10	11	12	13	13	14	15
Net Assets (equals shareholders' equity)	25	30	32	34	35	37	39

[28] Note the data used in the calculations is not based on real financial information and is only used for illustrative purposes.

Group 1 Example A – new MAC application pre-FC

The table below sets out information relating to Group 1 Example A.

General Project Information	Details
Total Project Costs	€5m
Project Costs to FC	€1.5m
Project Costs post-FC up to build completion/COD	€3.5m
MAC application date	01 July 2025
FC date	30 September 2026
Build completion/COD date	30 September 2028
Total Outstanding Project Costs	€1.5m of costs have yet to be incurred/expensed pre-FC as at 01 July 2025

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2023 and 2024, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 1**	**2023 workings (€)**	**2024 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	N/A	N/A	N/A	N/A
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	4/40	5/50	2023:10% 2024:10%
Current Ratio	Current assets / current liabilities	1.0x	9/8	11/10	2023: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	25/(25+25)	28/(28+30)	2023: 50% 2024: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	6/1	7/1	2023: 6.0 2024: 7.0
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	10m	11m	2023: 10m>1.5m 2024: 11m>1.5m
Net Assets	Total assets – total liabilities	Greater than zero	25m	30m	2023: 25m>0 2024: 30m>0

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

Group 1 Example B – annual confirmation post-FC and pre build completion/COD

The Relevant Person is required to provide annual confirmation at the different stages of the project i.e., pre-FC, post-FC & pre build completion/COD and post build completion/COD, taking account of the relevant tests applied at each stage. Accordingly, the example below relates to an annual confirmation for a project at the post-FC & pre build completion/COD stage.

The annual confirmation date is 30 June 2027. The table below sets out information relating to Group 1 example B.

General Project Information	Details
Total Project Costs	€5m
Project Costs to FC	€1.5m
Project Costs post-FC up to build completion/COD	€3.5m
MAC award date	31 August 2025
FC date	30 September 2026
MAC confirmation date	30 June 2027
Build completion/COD date	30 September 2028
Total Outstanding Project Costs	€1.8m of costs have yet to be incurred/expensed pre build completion/COD as at 30 June 2027

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2025 and 2026, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 1**	**2025 workings (€)**	**2026 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	N/A	N/A	N/A	N/A
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	6/53	7/56	2025:11% 2026:13%
Current Ratio	Current assets / current liabilities	1.0x	12/11	13/12	2025: 1.1 2026: 1.1
Gearing	Total debt / (total debt + equity)	60%	30/(30+32)	31/(31+ 34)	2025: 48% 2026: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	8/2	9/2	2025: 4.0 2026: 4.5
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	12m	13m	2025: 12m>1.8m 2026: 13m>1.8m
Net Assets	Total assets – total liabilities	Greater than zero	32m	34m	2025: 32m>0 2026: 34m>0

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

Group 1 Example C – annual confirmation post build completion/COD

The Relevant Person is required to provide annual confirmation at the different stages of the project i.e., pre-FC, post-FC & pre build completion/COD and post build completion/COD, taking account of the relevant tests applied at each stage. Accordingly, the example below relates to an annual confirmation for a project post build completion/COD stage.

The annual confirmation date is 30 June 2029. The table below sets out information relating to Group 1 example C.

General Project Information	Details
Total Project Costs	€5m
Project Costs to FC	€1.5m
Project Costs post-FC up to build completion/COD	€3.5m
MAC award date	31 August 2025
FC date	30 September 2026
Build completion/COD date	30 September 2028
MAC confirmation date	30 June 2029
Total Outstanding Project Costs	N/A

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2027 and 2028, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 1**	**2027 workings (€)**	**2028 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	N/A	N/A	N/A	N/A
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	8/58	9/60	2027:14% 2028:15%
Current Ratio	Current assets / current liabilities	1.0x	13/12	14/13	2027: 1.1 2028: 1.1
Gearing	Total debt / (total debt + equity)	60%	33/(33+35)	35/(35+37)	2027: 49% 2028: 49%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	10/2	11/2	2027: 5.0 2028: 5.5
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	N/A	N/A	N/A	N/A
Net Assets	Total assets – total liabilities	Greater than zero	35m	37m	2027: 35m>0 2028: 37m>0

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

The MAC holder will be required to confirm in writing that it has sufficient funds available to meet all post build completion costs including debt service requirements and that the project is performing as expected plus there are no issues impacting its viability.

Group 1 Example D - new MAC application pre-FC taking account of previously granted MAC(s)

Where a Relevant Person has applied for and/or been awarded more than one MAC, the financial resources test will factor in all Outstanding Project Costs for all MAC projects, based on the current stage of each project such as pre-FC, post-FC and pre build completion/COD.

Accordingly, the example below relates to a new MAC application where the applicant already holds two MACs. The new MAC application is dated on **01 July 2025**.

In relation to the two existing MACs, MAC A is at pre-FC stage, and MAC B is at post-FC and pre build completion/COD stage. The table below sets out information relating to Group 1 example D.

Project Information	New MAC (€m)	MAC A pre- FC (€m)	MAC B post-FC and build completion/COD (€m)
Total Project Costs	€5m	€20m	€8m
Project Costs to FC	€1.5m	€4m	€2m
Project Costs post-FC up to build completion/COD	€3.5m	€16m	€6m
MAC application date	**01 July 2025**	31 May 2024	31 May 2022
FC date	30 September 2026	31 May 2027	31 May 2023
Build completion/COD date	30 September 2028	31 May 2029	31 May 2026
Total Outstanding Project Costs	€6.5m=1.5+2+3 have yet to be incurred/expensed pre-FC as at **01 July 2025**	€2m of costs have yet to be incurred/expensed pre-FC as at **01 July 2025**	€3m of costs have yet to be incurred/ expensed pre- build completion/COD as at **01 July 2025**

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2023 and 2024, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 1**	**2023 workings (€)**	**2024 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	N/A	N/A	N/A	N/A
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	4/40	5/50	2023:10% 2024:10%
Current Ratio	Current assets / current liabilities	1.0x	9/8	11/10	2023: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	25/(25+25)	28/(28+30)	2023: 50% 2024: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	6/1	7/1	2023: 6.0 2024: 7.0
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	10m	11m	2023: 10m>6.5m 2024: 11m>6.5m
Net Assets	Total assets – total liabilities	Greater than zero	25m	30m	2023: 25m>0 2024: 30m>0

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

General financial information for Group 2 Examples

The table below sets out general project information relating to all Group 1 examples.

General Project Information	Details
Total Project Costs	€500m
Project Costs to CF	€30m
Project Costs post-FC up to build completion/COD	€470m
FC date	30 September 2026
Build completion/COD date	30 September 2028

Group 2 examples are based on one delivery entity whose audited financial statements are dated at year end i.e., 31 December. Set out below is a summary of the relevant financial information[29] used in the financial capability assessment test calculations:

Financial Information	2023 (€m)	2024 (€m)	2025 (€m)	2026 (€m)	2027 (€m)	2028 (€m)	2029 (€m)
Turnover	800	1,000	1,050	1,103	1,158	1,216	1,276
EBIT	60	70	74	77	81	85	89
Total Interest expense	10	12	13	13	14	15	15
Profit after Tax (Turnover – all income expenses and tax)	40	50	53	55	58	91	96
Current assets	90	110	116	121	127	134	140
Current liabilities	80	100	105	110	116	122	128
Total debt	250	280	294	309	324	340	357
Cash balance + Undrawn Credit Facilities	100	110	116	121	127	134	140
Net Assets (equals shareholders' equity)	250	300	315	331	347	365	383

[29] Note the data used in the calculations is not based on real financial information and is only used for illustrative purposes.

Group 2 Example E – new MAC application pre-FC

The table below sets out information relating to Group 2 example E.

General Project Information	Details
Total Project Costs	€500m
Project Costs to FC	€30m
Project Costs post-FC up to build completion/COD	€470m
MAC application date	01 July 2025
FC date	30 September 2026
Build completion/COD date	30 September 2028
Total Outstanding Project Costs	€470m of costs have yet to be incurred/expensed pre-FC as at 01 July 2025

The FCA tests are based on the two latest statutory audited financial statements i.e., 2023 and 2024, the calculations are as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 2**	**2023 workings (€)**	**2024 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	1.5x	800/500	1,000/500	2023: 1.6 2024: 2.0
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	40/800	50/1,000	2023:5% 2024:5%
Current Ratio	Current assets / current liabilities	1.0x	90/80	110/100	2023: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	250/(250+250)	280/(280+300)	2023: 50% 2024: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	60/10	70/12	2023: 6.0 2024: 5.8
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	100m	110m	2023: 100m>30m 2024: 110m>30m
Net Assets	Total assets – total liabilities	Up to FC, equal to or greater than 25% of Project Costs	250m	300m	2023: 250m>125m 2024: 300m>125m

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

Group 2 Example F – annual confirmation post-FC and pre build completion/COD

The Relevant Person is required to provide annual confirmation at the different stages of the project i.e., pre-FC, post-FC & pre build completion/COD, and post completion/COD, taking account of the relevant tests, applied at each stage. Accordingly, the example below relates to an annual confirmation for a project post-FC & pre build completion/COD stage.

The annual confirmation date is 30 June 2027. The table below sets out information relating to Group 2 example F.

General Project Information	Details
Total Project Costs	€500m
Project Costs to FC	€30m
Project Costs post-FC up to build completion/COD	€470m
MAC award date	31 August 2025
FC date	30 September 2026
MAC confirmation date	30 June 2027
Build completion/COD date	30 September 2028
Total Outstanding Project Costs	€110m of costs have yet to be incurred/expensed pre build completion/COD as at 30 June 2027

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2025 and 2026, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 2**	**2025 workings (€)**	**2026 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	1.5x	1,050/500	1,103/500	2025: 2.1 2026: 2.2
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	53/1,050	55/1,103	2025:5% 2026:5%
Current Ratio	Current assets / current liabilities	1.0x	116/105	121/110	2025: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	294/(294+315)	309/(309+331)	2025: 48% 2026: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	74/13	77/13	2025: 5.7 2026: 5.9
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	116m	121m	2025: 116m>110m 2026: 121m>110m
Net Assets	Total assets – total liabilities	Post-FC, equal to or greater than 50% of Project Costs	315m	331m	2025: 315m>250m 2026: 331m>250m

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

Group 2 Example G: – annual confirmation post-COD

The Relevant Person is required to provide annual confirmation at the different stages of the project i.e., pre-FC, post-FC & pre build completion/COD, and post completion/COD, taking account of the relevant tests, applied at each stage. Accordingly, the example below relates to an annual confirmation for a project post build completion/COD stage.

The annual confirmation date is 30 June 2029. The table below sets out information relating to Group 2 example G.

General Project Information	Details
Total Project Costs	€500m
Project Costs to FC	€30m
Project Costs post-FC up to build completion/COD	€470m
MAC award date	31 August 2025
FC date	30 September 2026
Build completion/COD date	30 September 2028
MAC confirmation date	30 June 2029
Total Outstanding Project Costs	N/A

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2027 and 2028, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 2**	**2027 workings (€)**	**2028 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	1.5x	1,158/500	1,216/500	2027: 2.3 2028: 2.4
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	58/1,158	91/1,216	2027:5% 2028:7%
Current Ratio	Current assets / current liabilities	1.0x	127/116	134/122	2027: 1.1 2028: 1.1
Gearing	Total debt / (total debt + equity)	60%	324/(324+347)	340/(340+365)	2027: 48% 2028: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	81/14	85/15	2027: 5.8 2028: 5.7
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	N/A	N/A	N/A	N/A
Net Assets	Total assets – total liabilities	Post-FC, equal or greater than 50% of Project Costs	347m	365m	2027: 347m>250m 2028: 365m>250m

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

The MAC holder should also confirm that it has sufficient cash/funds available to meet all post build completion costs including debt service requirements, and that the project is performing as expected and there are no issues impacting its viability.

Group 2 Example H - new MAC application pre-FC taking account of previously granted MAC(s)

Where a Relevant Person has applied for and/or been awarded more than one MAC, the financial resources test will factor in all Outstanding Project Costs for all MAC projects, based on the current stage of each project such as pre-FC, post-FC and pre build completion/COD.

Accordingly, the example below relates to a new MAC application where the applicant already holds two MACs. The new MAC application is dated on 01 July 2025.

In relation to the two existing MACs, MAC A is at pre-FC stage, and MAC B is at post-FC and pre build completion/COD stage. The table below sets out information relating to Group 2 example H.

Project Information	Current MAC (€m)	MAC A pre-FC (€m)	MAC B post-FC and pre build completion/COD (€m)
Total Project Costs	€500m	€20m	€8m
Project Costs to FC	€30m	€4m	€2m
Project Costs post-FC up to build completion/COD	€470m	€16m	€6m
MAC application date	**01 July 2025**	31 May 2024	31 May 2022
FC date	30 September 2026	31 May 2027	31 May 2023
Build completion/COD date	30 September 2028	31 May 2029	31 May 2026
Total Outstanding Project Costs	€35m=30+2+3 have yet to be incurred/expensed pre-FC as at **01 July 2025**	€2m of costs have yet to be incurred/expensed pre-FC as at **01 July 2025**	€3m of costs have yet to be incurred/expensed pre build completion/COD as at **01 July 2025**

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2023 and 2024, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 2**	**2023 workings (€)**	**2024 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	1.5x	800/500	1,000/500	2023: 1.6 2024: 2.0
Profit after Tax Margin	(Turnover – all income expenses and tax)/ turnover	3%	40/800	50/1,000	2023:5% 2024:5%
Current Ratio	Current assets / current liabilities	1.0x	90/80	110/100	2023: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	250/(250+250)	280/(280+300)	2023: 50% 2024: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	60/10	70/12	2023: 6.0 2024: 5.8
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	100m	110m	2023: 100m>35m 2024: 110m>35m
Net Assets	Total assets – total liabilities	Up to FC, equal or greater than 25% of Project Costs	250m	300m	2023: 250m>125m 2024: 300m>125m

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

<u>Example scenario I: Group 2 – new MAC application based on a Project Finance Structure</u>
Where a project plans to adopt a project finance structure but **has not achieved FC**, the financial capability assessment (likely to only apply to Group 2 projects) will be based on the relevant tests carried out on the Relevant Person (which may be a special purpose vehicle set up for project finance).

The table below sets out information relating to Group 2 example I.

General Project Information	Details
Total Project Costs	€500m
Project Costs to FC	€30m
Project Costs post-FC up to build completion/COD	€470m
MAC application date	01 July 2025
FC date	30 September 2026
Build completion/COD date	30 September 2028
Total Outstanding Project Costs	€30m of costs have yet to be incurred/expensed pre-FC as at 01 July 2025

The Financial Capability Assessment tests are based on the two latest statutory audited financial statements i.e., 2023 and 2024, the corresponding calculations are set out as below:

Financial capability self-assessment					
Test	**Formula**	**Threshold - Group 2**	**2023 workings (€)**	**2024 workings (€)**	**Answer**
Turnover Ratio	All trading revenue earned / total Project Costs	1.5x	800/500	1,000/500	2023: 1.6 2024: 2.0
Profit after Tax Margin	(Turnover – all income expenses and tax) /turnover	3%	40/800	50/1,000	2023:5% 2024:5%
Current Ratio	Current assets / current liabilities	1.0x	90/80	110/100	2023: 1.1 2024: 1.1
Gearing	Total debt / (total debt + equity)	60%	250/(250+250)	280/(280+300)	2023: 50% 2024: 48%
Interest Cover	Earnings before interest and tax / total interest expenses	2.5x	60/10	70/12	2023: 6.0 2024: 5.8
Financial Resources	Cash and cash equivalents + Undrawn Credit Facilities	Equal to or greater than total Outstanding Project Costs	100m	110m	2023: 100m>30m 2024: 110m>30m
Net Assets	Total assets – total liabilities	Up to FC, equal to or greater than 25% of Project Costs	250m	300m	2023: 250m>125m 2024: 300m>125m

The applicant is viewed as having passed all of the applicable tests. Note where the applicant is unable to comply with any of the financial test thresholds, the applicant should provide MARA with the necessary assurance that all Project Costs relating to the MAC project can be met.

Where a project has obtained project finance i.e., **achieved FC**, which has been confirmed in writing by the Relevant Person along with supporting documentation, the Relevant Person will no longer be required to confirm that it meets the relevant FCA tests undertaken at the initial application stage i.e., pre-FC, instead they must confirm in writing that they have not breached any of their applied financial covenants at the time of the assessment i.e., post-FC pre build completion/COD or post build completion/COD, as required per the project's funding arrangements.