Company number: 12099853

Bilbao Offshore Holding Limited

Annual Report and Financial Statements
For the year ended 31 March 2021

Bilbao Offshore Holding Limited

Company Information

Board of Directors	Mark Angus Giulianotti Gero Vella (Appointed on 31 December 2020) Mark Christopher Wayment (Appointed on 31 December 2020) Anthony James Wort (Appointed on 28 December 2020) Edward Patrick Northam Alasdair Campbell (Appointed on 09 February 2022)
Company secretary	IQ EQ Corporate Services (UK) Limited (Appointed 16 November 2020) *(Previously performed by Helen Everitt – resigned on 28 December 2020)*
Company number	12099853
Registered office	4th Floor 3 More London Riverside London, England SE1 2AQ
Independent Auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Principal Bank	MUFG Bank, Ltd.

Bilbao Offshore Holding Limited

Contents

Bilbao Offshore Holding Limited

Strategic report
For the year ended 31 March 2021

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

Principal activities and review of business

Bilbao Offshore Holding Limited (the "Company") acquired 40% of the issued share capital of East Anglia One Limited ("EA1 Limited") on 30 August 2019 whose registered company number is 07366753. EA1's principal activity is to develop, build and operate an offshore wind farm which benefits from a highly attractive 15-year UK CPI-indexed power price Contract for Difference ('CfD') with the UK government via the Low Carbon Contracts Company (LCCC), a private limited, not-for profit company wholly owned by the Department of Business Energy and Industrial Strategy (BEIS).

The principal activity of the Company is that of an investment holding company. EA1 Limited was stable and fully operational during the year.

Key performance indicators (KPIs)

The key financial indicators during the year were as follows:

	31 March 2021 £	31 March 2020 £	Variance £
Net loss from continuing operations	(7,357,248)	(3,743,808)	97%
Total assets	1,526,524,139	1,492,295,843	2%
Net assets	257,337,818	264,360,108	-3%

Results and dividends

The Company's loss on continuing operations for the year was £7,357,248 (2020: £3,743,808). No dividend was paid during the year.

Principal risks and uncertainties

Risk management

The Board periodically convenes asset management meetings to review the risks. The financial risks applicable to the Company and the mitigating factors are also disclosed in note 20.

Interest rate and exchange risk

The Company is exposed to interest rate and exchange risk from the possibility that changes in interest rates and foreign exchange rates will affect future cash flows. The Directors consider the management of risk to be an important part of their function and have put in place various strategies for the Company, with the aim of limiting exposure to the above risks. These strategies include the use of hedging and the use of financial instruments to fix interest rates and forecast foreign exchange requirements as they arise.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. It arises from cash and cash equivalents and trade and other receivables. Company policies are aimed at minimising credit risk. These policies have proved effective in minimising the level of impaired and past due receivables.

Principal risks and uncertainties (continued)

Liquidity risk
Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. This risk is managed by the use of external debt facilities in addition to shareholder commitments.

On behalf of the board.

Mark Angus Giulianotti
Director

Date: 30th March 2022

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

Board of Directors

The Directors, who served during the year and up to the date of this report, were as follows unless otherwise stated:

	Appointed	Resigned
Mark Angus Giulianotti	12 July 2019	-
Guillermo Martinez-Navas	12 July 2019	28 December 2020
Edward Patrick Northam	12 July 2019	-
Gero Vella	31 December 2020	-
Mark Christopher Wayment	31 December 2020	-
Anthony James Wort	28 December 2020	-
Alasdair Campbell	09 February 2022	-

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

Directors' indemnity

The Company indemnifies the Directors in its Articles of Association to the extent allowed under section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the Company's Directors remain in force during the financial year and also at the date of the approval of the financial statements.

Disclosure of information to the auditors

The Directors who were members of the board at the time of approving the Directors' report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors were unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors were aware of that information.

Future developments

The Company remains to hold its underlying investment in East Anglia One Limited (EA1). EA1 remains fully operational.

Dividends

The Directors do not recommend the payment of any dividend in respect of the year.

Events since the balance sheet date

After the year end, EA1 Limited has approved a dividend to the Company of £41,500,000 in September 2021 and £14,340,000 in December 2021.

In December 2021, a Special Resolution was approved for the declaration of a dividend of £5,500,000. These funds were distributed to Bilbao Offshore Investment Limited being the immediate parent and sole shareholder.

Going concern

Consistent with the investment held in EA1 as set out under principal activities, the Directors are satisfied that the Company is in a solvent and liquid position and that it is appropriate to prepare the Company's financial statements on a going concern basis.

Going concern (continued)

The Board continues to monitor the impact of COVID-19 situation closely. EA1 remains stable and profitable during the year and is expected to be operational for the foreseeable future. Further; Scottish Power, joint owner and operator of EA1, has been committed to taking all necessary measures to help to protect the safety and well-being of its employees, its customers and the communities they serve, and has been working closely with government departments. The Office of Gas and Electricity Markets ("Ofgem") and industry bodies to ensure that Scottish Power, and therefore the Company, continues to follow the latest advice. As such, COVID-19 is not considered to have a significant impact on the going concern basis, with the exception of the matters set out below.

Section 6F of the Electricity Act 1989 ('the Act') allows generators to operate the transmission asset connected with the wind farm project without a transmission licence for a period of 18-months to allow for the transfer of the asset to an independent offshore transmission owner ('OFTO'). Failure to transfer the asset breaches the terms of the Act and as such could lead to a cessation of operations until the issue is remediated and the transfer is completed. This 18-month period expired on 13 September 2021 in respect of the asset operated by EA1. However, owing to delays arising from the COVID-19 pandemic and the need for remedial works to be completed, a time-limited exemption from the requirement to hold a transmission licence was granted. This exemption expired on 13 December 2021. At this date, the asset has not been transferred to the preferred OFTO.

As a result, on 9 December 2021 responses were obtained from the Secretary of State and Ofgem following a request for a further 12-month exemption. Exemptions to the Act require a public consultation and time for Parliamentary scrutiny. It has been acknowledged that due to the ongoing impact of the COVID-19 pandemic, which constitutes 'exceptional circumstances' that this has had a material impact on the delay and completion of remedial works required. However, it has been noted further action as a result of these matters would not be in the public interest. A Letter of Comfort is in place which allows operations to continue for 6 months to 13th June 2022.

In February 2022, the Department of Business, Energy & Industry Strategy issued a Notice of Proposed Transmission Licence proposing to extend the licensing arrangements to either 13 December 2022 or 13 April 2023, allowing sufficient time for required remedial works to be completed. The Secretary of State has recommended that an extension to 13 April 2023 is approved.

The closing date for the public consultation is 25 March 2022, as such at the date of the financial statements being approved, relevant parliamentary approvals following the consultation period have not been obtained. Based on their experience, and the public recommendations being made by the Secretary of State (consistent with actions being taken within the public interest), the Directors have a reasonable expectation that the recommendation will be approved.

The Directors have prepared and reviewed cash flow forecasts which covers the 12 months from the date of the accounts being approved. This includes an assumption that EA1 will continue to operate under the licensing agreement to 13 April 2023 and as such planned dividends would continue to be made.

The Directors have also considered severe but plausible downside scenarios and potential wider risks as below:

1) Cash flow forecasts assume that licensing extension only extends to 13 December 2022 and as such EA1 operations cease for Q1 2023. On this basis, the Directors consider both EA1 and the company to hold sufficient cash reserves to meet its short term commitments.

2) The Directors have reviewed associated project plans in respect of ongoing remediation works and the shareholder agreements, which limit direct cost exposure(s). Based on the plans presented, the Directors have a reasonable expectation that the date of completion (being December 2022) is achievable and remediation is currently tracking as planned. However, it is acknowledged that some uncertainty exists due to the reliance on third parties.

The Company holds external debt. Revised cash flow forecasts demonstrate that short term obligations could be met without further distributions from EA1 until Q3 2022. The directors also consider there to be alternative sources of funding available should the need arise.

Going concern (continued)

Consistent with the above factors, the Directors have every expectation that the company will continue as a going concern. However, the Directors acknowledge that there are uncertainties in making that assessment, specifically around the requirement for the exemption to the Act in order to generate revenue and the completion of required remediation works in order to transfer the transmission asset. The Directors recognise that these circumstances do give rise to material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern due to the reliance of the licensing extension being approved and the reliance on third parties in completing the remediation works on time and without significant cost to EA1.

The Directors recognise therefore the material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. However, they continue to have a reasonable expectation that the sale of the transmission asset will be completed in December 2022 and that alternative sources of funding and investor support can be made available if required. On this basis the Directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the company was unable to continue as a going concern.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, will continue in office in accordance with section 485 of the Companies Act 2006

Risk Management

The financial risks applicable to the Company and the mitigating factors are also disclosed in note 20.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Company and of the profit or loss of Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Directors' responsibilities in respect of the financial statements (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board.

Mark Angus Giulianotti
Director

Date: 30th March 2022

Independent auditors' report to the members of Bilbao Offshore Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bilbao Offshore Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of financial position as at 31 March 2021; Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of Cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern.

The Company's investee, East Anglia One Limited ('EA1'), failed to transfer its transmission asset to an independent offshore transmission owner ('OFTO') before the expiry of its transmission licence on 13 December 2021. It has been acknowledged that the ongoing impact of the COVID-19 pandemic has had a material impact on the transfer and associated delay. A Letter of Comfort was issued by the Secretary of State which allows the operations of EA1 to continue for 6 months to 13th June 2022.

In February 2022, the Department of Business, Energy & Industry Strategy issued a Notice of Proposed Transmission Licence proposing to extend the licensing arrangements to either 13 December 2022 or 13 April 2023, allowing sufficient time for required remedial works to be completed. The Secretary of State has recommended that an extension to 13 April 2023 is approved.

Based on forecast cash flows the Directors consider there to be sufficient resources available to meet their obligations during the going concern period. However, the Directors acknowledge that there are uncertainties in making that assessment, specifically due to the reliance of the licensing extension being approved and the reliance on third parties in completing remediation works.

These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The

Independent auditors' report to the members of Bilbao Offshore Holding Limited (continued)

financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

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

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

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent auditors' report to the members of Bilbao Offshore Holding Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the manipulation of financial performance through manual journal entries and the risk of management bias in the determination of accounting estimates and judgements Audit procedures performed by the engagement team included

- Discussions with management and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing.
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in respect of the carrying value of investment in associate and the valuation of derivatives; and
- Testing performed based on applying risk-based criteria to all journal entries posted in the audit period.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or

Independent auditors' report to the members of Bilbao Offshore Holding Limited (continued)

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

We have no exceptions to report arising from this responsibility.

Hannah Solway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
30 March 2022

Bilbao Offshore Holding Limited

Statement of profit or loss and other comprehensive income for the year ended March 2021

	Note	For the year ended 31 March 2021 £	For the period from 12 July 2019 to 31 March 2020 £
Administrative expenses	4	(498.738)	(403.737)
Operating loss		**(498,738)**	**(403,737)**
Finance income	7	5,530	16.519
Finance expense	6	(6,984.032)	(4.234.767)
Loss before tax from continuing operations		**(7,477,240)**	**(4,621,985)**
Income tax credit	9	119.992	878.177
Net loss from continuing operations		**(7,357,248)**	**(3,743,808)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Net gain / (loss) on cash flow hedges	8	413,528	(1,106,400)
Deferred tax	8	(78.570)	210.216
Total other comprehensive income / (loss)		**334,958**	**(896,184)**
Total comprehensive loss		**(7,022,290)**	**(4,639,992)**

The net loss of £7.357.248 for the year ended 31 March 2021 (2020: 3.743.808) was derived in its entirety from continuing operations.

The notes on pages 15 to 34 form an integral part of financial statements

Bilbao Offshore Holding Limited

Statement of financial position as at 31 March 2021

	Note	As at 31 March 2021 £	As at 31 March 2020 £
Assets			
Non-current assets			
Investment in associate	*10*	1,501,984,151	1,410,704,151
Deferred tax asset	*16*	131,646	210,216
Other financial assets	*15*	13,928,521	44,182,047
		1,516,044,318	**1,455,096,414**
Current assets			
Group tax relief debtor	*9*	119,992	878,177
Trade and other receivables	*11*	101,549	12,240,535
Cash and cash equivalents	*12*	10,258,280	24,080,717
		10,479,821	**37,199,429**
Total assets		**1,526,524,139**	**1,492,295,843**
Liabilities			
Non-current liabilities			
Other financial liabilities	*15*	14,621,393	45,288,447
Interest bearing loans and borrowings	*13*	1,113,111,562	1,126,888,787
		1,127,732,955	**1,172,177,234**
Current liabilities			
Trade and other payables	*14*	330,761	401,177
Interest bearing loans and borrowings	*13*	141,122,605	55,357,324
		141,453,366	**55,758,501**
Total liabilities		**1,269,186,321**	**1,227,935,735**
Shareholder's equity			
Issued capital	*17*	269,000,100	269,000,100
Cash flow hedges reserve	*18*	(561,226)	(896,184)
Accumulated losses	*18*	(11,101,056)	(3,743,808)
Total shareholder's equity		**257,337,818**	**264,360,108**
Total liabilities and shareholder's equity		**1,526,524,139**	**1,492,295,843**

The financial statements on pages 11 to 34 were approved and authorised for issue by the Board of Directors on 25 March 2022 and signed on its behalf by:

Mark Angus Giulianotti
Director
Date: 30th March 2022

The notes on pages 15 to 34 form an integral part of financial statements

Bilbao Offshore Holding Limited

Statement of changes in equity
for the year ended 31 March 2021

	Note	Issued capital £	Accumulated losses £	Cash flow hedges reserve £	Total equity £
Issuance of share capital	17	269,000,100	-	-	269,000,100
Loss for the period	18	-	(3,743,808)	-	(3,743,808)
Other comprehensive loss for the period	18	-	-	(896,184)	(896,184)
At 31 March 2020		**269,000,100**	**(3,743,808)**	**(896,184)**	**264,360,108**
Loss for the year	18	-	(7,357,248)	-	(7,357,248)
Other comprehensive income for the year	18	-	-	334,958	334,958
At 31 March 2021		**269,000,100**	**(11,101,056)**	**(561,226)**	**257,337,818**

The notes on pages 15 to 34 form an integral part of financial statements

Statement of cash flows
for the year ended 31 March 2021

	Note	For the year ended 31 March 2021 £	For the period from 12 July 2019 to 31 March 2020 £
Operating activities			
Loss before tax		(7,477,240)	(4,621,985)
Adjustments to reconcile loss before tax to net cash flows:			
Finance income	7	(5,530)	(16,519)
Finance expenses	6	6,984,032	4,234,767
		(498,738)	(403,737)
Working capital adjustments:			
Decrease / (increase) in trade and other receivables		12,183,957	(30,410)
(Decrease) / increase in trade and other payables		(26,961)	248,023
Interest income received	7	4,735	16,519
Interest expense paid		(6,308,643)	(3,652,631)
Receipt from group for tax losses surrendered	9	878,177	-
Net cash generated from / (used in) operating activities		**6,232,527**	**(3,822,236)**
Investing activities			
Purchase of interest in associate	10	(91,280,000)	(1,410,704,151)
Net cash used in investing activities		**(91,280,000)**	**(1,410,704,151)**
Financing activities			
Issuance of share capital	17	-	256,789,975
Drawdown of loans	13	71,225,036	1,181,817,129
Net cash generated from financing activities		**71,225,036**	**1,438,607,104**
Net (decrease) / increase in cash and cash equivalents		(13,822,437)	24,080,717
Cash and cash equivalents at the beginning of the year / period		24,080,717	-
Cash and cash equivalents at the end of the year / period		10,258,280	24,080,717

1. Corporate information

Bilbao Offshore Holding Limited ("the Company") is a private company and limited by share capital, incorporated and domiciled in the United Kingdom. The registered office is located at 4th Floor, 3 More London Riverside, London, England, SE1 2AQ.

The principal activity of the Company is an investment holding company.

2. Accounting policies

The principal accounting policies applied in the preparation of the Company's financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in cash flow hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in Great British Pound ("GBP","£") and are rounded to the nearest £.

2.2 Going Concern

Consistent with the investment held in EA1 as set out under principal activities, the Directors are satisfied that the Company is in a solvent and liquid position and that it is appropriate to prepare the Company's financial statements on a going concern basis.

The Board continues to monitor the impact of COVID-19 situation closely. EA1 remains stable and profitable during the year and is expected to be operational for the foreseeable future. Further, Scottish Power, joint owner and operator of EA1, has been committed to taking all necessary measures to help to protect the safety and well-being of its employees, its customers and the communities they serve, and has been working closely with government departments, The Office of Gas and Electricity Markets ("Ofgem") and industry bodies to ensure that Scottish Power, and therefore the Company, continues to follow the latest advice. As such, COVID-19 is not considered to have a significant impact on the going concern basis, with the exception of the matters set out below.

Section 6F of the Electricity Act 1989 ('the Act') allows generators to operate the transmission asset connected with the wind farm project without a transmission licence for a period of 18-months to allow for the transfer of the asset to an independent offshore transmission owner ('OFTO'). Failure to transfer the asset breaches the terms of the Act and as such could lead to a cessation of operations until the issue is remediated and the transfer is completed. This 18-month period expired on 13 September 2021 in respect of the asset operated by EA1. However, owing to delays arising from the COVID-19 pandemic and the need for remedial works to be completed, a time-limited exemption from the requirement to hold a transmission licence was granted. This exemption expired on 13 December 2021. At this date, the asset has not been transferred to the preferred OFTO.

2. Accounting policies (continued)

2.2 Going Concern (continued)

As a result, on 9 December 2021 responses were obtained from the Secretary of State and Ofgem following a request for a further 12-month exemption. Exemptions to the Act require a public consultation and time for Parliamentary scrutiny. It has been acknowledged that due to the ongoing impact of the COVID-19 pandemic, which constitutes 'exceptional circumstances' that this has had a material impact on the delay and completion of remedial works required. However, it has been noted further action as a result of these matters would not be in the public interest. A Letter of Comfort is in place which allows operations to continue for 6 months to 13th June 2022.

In February 2022, the Department of Business, Energy & Industry Strategy issued a Notice of Proposed Transmission Licence proposing to extend the licensing arrangements to either 13 December 2022 or 13 April 2023, allowing sufficient time for required remedial works to be completed. The Secretary of State has recommended that an extension to 13 April 2023 is approved.

The closing date for the public consultation is 25 March 2022, as such at the date of the financial statements being approved, relevant parliamentary approvals following the consultation period have not been obtained. Based on their experience, and the public recommendations being made by the Secretary of State (consistent with actions being taken within the public interest), the Directors have a reasonable expectation that the recommendation will be approved.

The Directors have prepared and reviewed cash flow forecasts which covers the 12 months from the date of the accounts being approved. This includes an assumption that EA1 will continue to operate under the licensing agreement to 13 April 2023 and as such planned dividends would continue to be made.

The Directors have also considered severe but plausible downside scenarios and potential wider risks as below:

1) Cash flow forecasts assume that licensing extension only extends to 13 December 2022 and as such EA1 operations cease for Q1 2023. On this basis, the Directors consider both EA1 and the company to hold sufficient cash reserves to meet its short term commitments.

2) The Directors have reviewed associated project plans in respect of ongoing remediation works and the shareholder agreements, which limit direct cost exposure(s). Based on the plans presented, the Directors have a reasonable expectation that the date of completion (being December 2022) is achievable and remediation is currently tracking as planned. However, it is acknowledged that some uncertainty exists due to the reliance on third parties.

The Company holds external debt. Revised cash flow forecasts demonstrate that short term obligations could be met without further distributions from EA1 until Q3 2022. The directors also consider there to be alternative sources of funding available should the need arise.

Consistent with the above factors, the Directors have every expectation that the company will continue as a going concern. However, the Directors acknowledge that there are uncertainties in making that assessment, specifically around the requirement for the exemption to the Act in order to generate revenue and the completion of required remediation works in order to transfer the transmission asset. The Directors recognise that these circumstances do give rise to material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern due to the reliance of the licensing extension being approved and the reliance on third parties in completing the remediation works on time and without significant cost to EA1.

2. Accounting policies (continued)

2.2 *Going Concern (continued)*

The Directors recognise therefore the material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. However, they continue to have a reasonable expectation that the sale of the transmission asset will be completed in December 2022 and that alternative sources of funding and investor support can be made available if required. On this basis the Directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the company was unable to continue as a going concern.

2.3 *Summary of significant accounting policies*

Investment in associate
Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost unless the entity is exempted from applying the equity method as specified by IAS 28.

The Company's stake is to be accounted for as investment in associate as it does not undertake any key contracts for the construction and operation of the EA1 Limited offshore windfarm, its contribution is more akin to as associate than a true joint venture partner.

Under equity method, the share in associate's post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

Exemptions in applying the equity method
An entity need not apply the equity method to its investment in an associate or a joint venture if the entity is a parent that is exempt from preparing consolidated financial statements by the scope exception in IFRS 10 or if all the following apply:

(a) The entity is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method.

(b) The entity's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets).

(c) The entity did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market.

(d) The ultimate or any intermediate parent of the entity produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10.

The Company's investment in associate is accounted for at cost less provision for impairment as the Company has availed the exemption for adopting equity method of accounting for its investment as it is included in the consolidated financial statements of Bilbao Offshore Investment Limited prepared in accordance with IFRS 10.

2. Accounting policies (continued)

2.3 *Summary of significant accounting policies (continued)*

Impairment of non-financial assets
At each statement of financial position date, the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

Financial instruments
IFRS 9 'Financial instruments' replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification, measurement and recognition of financial assets and liabilities, impairment and for hedge accounting.

The Company classifies its financial assets and financial liabilities depending on the purpose for which they are acquired. Management determines the classification at initial recognition.

The Company classifies its financial assets in the following categories:

- Amortized cost
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL")

The classification of financial instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Initial recognition
At initial recognition, financial assets are classified and measured at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction cost of financial assets carried at fair value through profit or loss are expensed in the income statement.

2. Accounting policies (continued)

2.3 *Summary of significant accounting policies (continued)*

Financial instruments (continued)

Subsequent measurement
Financial assets subsequent to initial recognition are measured as follows:

(a) Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss and other comprehensive income. Cash and cash equivalents and trade and other receivables (excluding prepayments) are included in this category.

(b) FVOCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss. The Company has no assets under this category.

(c) FVPL
Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises. The Company has no assets under this category.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with a forward-looking expected credit loss model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the new expected loss approach, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to financial instruments measured at amortised cost and at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts. The Company holds only receivables from related parties and based on assessment of credit risk, ECL is not material and hence not recognised.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise of cash at bank which are subject to an insignificant risk of change in value.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the provision for expected credit losses.

The classification of financial liabilities under IFRS 9 remains broadly similar to that under IAS 39.

2. Accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Trade and other receivables (continued)
The Company only has financial liabilities that are not designated at fair value through profit or loss and has continued to classify these as other financial liabilities. These are included in current liabilities, except for maturities greater than 12 months after the end of the reporting date which are classified as non-current liabilities. These include interest bearing loans and borrowings, trade and other payables and other financial liabilities

Financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

After initial measurement, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Interest bearing loans and borrowings
All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or otherwise cancellation of the liabilities are recognised respectively in finance income and finance expense.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less, otherwise, they are represented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting
Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequent remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivative financial instruments as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transaction (cash flow hedges); and
- Hedges of a net investment in a foreign operation (net investment hedge).

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity.

2. Accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)
A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and hedged items:
- At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio; and
- The hedging relationship meets all of the following hedge effectiveness requirements:
  a. An economic relationship exists between the hedged item and hedging instrument;
  b. The effect of credit risk does not dominate the value changes that result from the economic relationship; and
  c. The hedge ration is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

The Company's interest-bearing loans and interest rate swaps is designated as hedging instrument. Both qualify as eligible for the purpose of hedge accounting under IFRS 9. The hedged item creates an exposure to pay one-month Libor (or any alternative replacement rate) on the notional amount. The interest rate swap on the same notional creates an equal and opposite interest receipt and a fixed interest payment, therefore creating interest payment, therefore resulting in a net fixed interest payable.

Derecognition
Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. Financial liabilities should be removed from the balance sheet when and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

Applying the principles of hedge accounting under IFRS 9, hedges are still classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. Any gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income and any remaining profit or loss on the hedging instrument which is designated as hedge ineffective shall be recognised directly to profit or loss.

For a hedged forecast transaction that subsequently results in the recognition of a non-financial asset or liability, the Company has elected to remove the associated gains and losses that were recognised in other comprehensive income (OCI) and include them in the initial cost or other carrying amount of the asset or liability as a basis adjustment.

2. Accounting policies (continued)

2.3 *Summary of significant accounting policies (continued)*

Financial instruments (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

a) Dividend income, when the right to receive payment has been established; and
b) Interest income is recognised on accrual basis and includes interest income from cash and cash equivalents.

Expenses

Expenses recognised in the Statement of profit or loss and other comprehensive income are accounted for on accrual basis.

Income tax

Current income taxes are determined on the basis of estimated taxable income. Current income tax assets and liabilities are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets or liabilities are recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities, based on tax rates and tax laws that have been enacted or substantively enacted for future years. Deferred tax assets are recognised only to the extent, that their realisation is considered probable. Deferred tax assets and liabilities are recorded under non-current assets and liabilities.

2.4 *New accounting standards, amendments and interpretations not yet effective, and which have not been early adopted*

Standards and amendments that are effective for subsequent reporting periods beginning on or after 1 January 2021 and have not been early adopted by the Company include:

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021
(ii) Annual Improvements to IFRS Standards 2018-2020, effective 1 January 2022.
(iii) Amendments to IFRS 3 – Business Combinations, Reference to the Conceptual Framework, effective 1 January 2022
(iv) Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract, effective 1 January 2022
(v) IFRS 17 and Amendments to IFRS 17 – Insurance Contracts, effective 1 January 2023
(vi) Amendments to IAS 1 – Classification of liabilities as current or non-current, Deferral of effective date, effective 1 January 2023
(vii) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies, effective 1 January 2023.
(viii) Amendments to IAS 8 – Definition of Accounting Estimates, effective 1 January 2023.
(ix) Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use, effective 1 January 2022.

These standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore detailed disclosures have not been provided.

3. Significant accounting judgements and estimates

The preparation of the financial statement in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:
- judgement in timing and amount of impairment of interests in associates; and
- estimates in fair value of assets and liabilities for financial instruments

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

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

a) Investment in associate
As an initial step in assessing the appropriate classification and accounting for an investment, management is required to judge whether it has control and/or significant influence to an investee. Based on the IFRS 10 definition of control, an investor controls an investee when it is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. Based on IAS 28 definition of significant influence, an investor has significant control if it holds, directly or indirectly (through subsidiaries), 20 percent or more of the voting power of the investee. As a second step, IAS 28 requires management to assess whether the arrangement meets the IAS 28 definition of an investment in associates and to prescribe whether to use equity method of accounting or may apply to certain exemptions.

b) Fair value measurement of financial instruments
The fair values of financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

4. Administrative expenses

	For the year ended 31 March 2021	For the period from 12 July 2019 to 31 March 2020
	£	£
Professional fees	337,514	236,357
Administration fees	64,420	35,953
Auditors' remuneration	54,440	22,000
Insurance fees	24,238	7,898
Tax advisory fees	18,126	10,920
Legal fees	-	90,609
	498,738	403,737

During the year, the Company incurred audit services amounting to £54,440 (2020: £22,000) which was payable to the auditors. No other fees were payable to the auditors.

5. Directors' emoluments and employee information

During the year, all Directors were employed by and received all emoluments from other shareholding entities undertakings. The Directors perform directors' duties for multiple entities consequently: allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

6. Finance expenses

	For the year ended 31 March 2021	For the period from 12 July 2019 to 31 March 2020
	£	£
Interest and other expenses due to banks and other financial institutions	6,984,032	4,234,767
	6,984,032	4,234,767

7. Finance income

	For the year ended 31 March 2021	For the period from 12 July 2019 to 31 March 2020
	£	£
Interest income on cash held with the bank	5,530	16,519
	5,530	16,519

8. Components of OCI

	For the year ended 31 March 2021	For the period from 12 July 2019 to 31 March 2020
	£	£
Cash flow hedges:		
Gain / (loss) during the year / period		
Interest rate swaps	413,528	(1,106,400)
	413,528	(1,106,400)
Deferred tax	(78,570)	210,216
	334,958	(896,184)

9. Taxation

	For the year ended 31 March 2021 £	For the period from 12 July 2019 to 31 March 2020 £
Current tax:		
Current tax on loss for the year / period	(119.992)	(878.177)
Total current tax	**(119,992)**	**(878,177)**

Factors affecting tax credit for the year
The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	For the year ended 31 March 2021 £	For the period from 12 July 2019 to 31 March 2020 £
Loss before tax	(7.477.240)	(4.621.985)
Tax on loss at standard UK tax rate of 19%	(1.420,676)	(878,177)
Effects of:		
Expenses not deductible	230,312	-
Losses surrendered for nil payment	1.070.372	-
Total tax credit for the year / period	**(119,992)**	**(878,177)**

10. Investment in associate

	As at 31 March 2021 £	As at 31 March 2020 £
Balance at 1 April	1,410,704,151	-
Acquisitions	91.280.000	1.410.704.151
Investment in East Anglia One Limited at cost	**1,501,984,151**	**1,410,704,151**

10. Investment in associate (continued)

The entity listed below has share capital consisting solely of ordinary shares, which is held directly by the Company.

Name	*Class of shares*	*Holding*	*Principal activity*	*Country of Incorporation*	*Registered office*
East Anglia One Limited	Ordinary	40%	Develop, build and operate an offshore wind farm	England and Wales	3rd floor, 1 Tudor Street, London, EC4Y 0AH

The investment in associate is unlisted. The most recent accounting year end date of EA1 Limited was 31 December 2020.

11. Trade and other receivables

	As at 31 March 2021 £	As at 31 March 2020 £
Prepayments	64,800	19,858
Amounts due from related parties	35,800	12,220,525
Other receivables	949	152
	101,549	12,240,535

Amounts due from related parties mainly comprise of receivable from Bilbao Offshore Investment Limited and Bilbao Offshore Topco Limited for payment of expenses on their behalf. Receivable from Bilbao Offshore Investment Limited for subscribed shares in previous year was already received during the year.

12. Cash and cash equivalents

	As at 31 March 2021 £	As at 31 March 2020 £
Cash held with the bank	10,258,280	24,080,717

Cash held with the bank are 100% denominated in GBP.

13. Interest bearing loans and borrowings

Current	Actual interest rate %	Maturity	As at 31 March 2021 £	As at 31 March 2020 £
CPI-linked term facility	0.00745%	31-Mar-35	141,122,605	55,357,324
			141,122,605	55,357,324

13. Interest bearing loans and borrowings (continued)

Non-current		Actual interest rate %	Maturity	As at 31 March 2021 £	As at 31 March 2020 £
CPI-linked term facility	i	0.00745%	31-Mar-35	864,224,575	897,726,930
OFTO term facility	ii	LIBOR+1.3%	30-Jun-25	199,970,188	199,422,237
OFTO revolving credit facility	iii	LIBOR+1.3%	31-Aug-29	50,590,838	31,538,573
Other facilities	iv	LIBOR+1.7%	31-Mar-35	(1,674,039)	(1,798,953)
				1,113,111,562	1,126,888,787

(i) On 28 August 2019, the Company entered into a £759,445,714 187 months Consumer Price Index CPI-linked term facility loan agreement with Offshore Financing Limited (FinCo). Drawdowns during the year amounted to £52,249,859 (2020: £193,738,261). As at 31 March 2021, the balance of the loan is £1,005,433,834. The facility matures on 31 March 2035.

(ii) On 28 August 2019, the Company entered into a £199,928,887 70 months Offshore Transmission Owner (OFTO) term facility loan agreement with external lenders. There were no drawdowns (2020: £2,386,941) during the year. As at 31 March 2021, the balance of this facility totalled £202,315,828. The facility matures on 30 June 2025.

(iii) On 28 August 2019, the Company entered into 120 months OFTO Revolving credit term facility loan agreement with an international bank. On 5 September 2019, the Company received its first financing amounting to £9,488,457. Drawdowns during the year amounted to £18,975,177 (2020: £22,937,504). As at 31 March 2021, the balance of the loan is £51,401,138. The facility matures on 30 August 2029.

(iv) Relates to amortised cost of capitalised finance cost allocated to undrawn facility loans. Undrawn facility loans consist of Debt Service Reserve Facility (DSRF), Revolving Credit Facility (RCF) and Letter of Credit Facility (LCF). The amortisation period is up to 31 March 2035.

14. Trade and other payables

	As at 31 March 2021 £	As at 31 March 2020 £
Trade payables	161,014	96,350
Interest payable	109,698	153,154
Accrued expenses	55,888	151,673
Amounts due to related parties	4,161	-
	330,761	401,177

Amounts due to related parties comprise of receipt by the Company of settlement from the group for tax losses surrendered on Bilbao Offshore Investment Limited's behalf.

15. Other financial instruments

Other financial assets

	As at 31 March 2021 £	As at 31 March 2020 £
Derivatives used for hedging		
Interest rate swaps contracts	4,958,767	25,541,022
Inflation-linked swaps contracts	8,969,754	18,641,025
Total fair value of other financial assets	**13,928,521**	**44,182,047**

Other financial liabilities

	As at 31 March 2021 £	As at 31 March 2020 £
Derivatives used for hedging		
Interest rate swaps contracts	5,651,639	26,647,422
Inflation-linked swaps contracts	8,969,754	18,641,025
Total fair value of other financial liabilities	**14,621,393**	**45,288,447**

The Company has an economic hedge strategy with its interest rate swap agreements and inflation-linked swap agreements on CPI-linked term facility and Long-term generation facility thereby the Company has entered into equal and opposite swap agreements with FinCo, a charitable trust, thereby fixing the interest rate on debt facilities. There is no legal right for the Company to offset these financial assets and liabilities, thus, presented separately in the statement of financial position.

Financial liabilities designated as cash flow hedges reflect the change in fair value of interest rate swap agreements to hedge the variable interest rate (LIBOR) payable on the OFTO term facility and OFTO Revolving facility.

Interest rate swaps agreements:

On 30 August 2019, the Company entered into interest rate swap agreements with a total notional amount of £260.12m, settled monthly from this date through 30 June 2021 and every 3 months from 30 June 2021 through 30 September 2021.

These agreements enable the Company to receive a variable rate of interest equal to LIBOR in exchange for the payment of a fixed rate of interest of 0.621% and 0.620% for the swaps in relation to its OFTO facility. Fixed rate of interest depends on which bank hedging providers.

The swaps are being used to hedge the exposure to changes in the fair value of its variable rate loans. These cash flow hedges were assessed to be highly effective, and as at 31 March 2021, a net unrealised gain of £413,528 (2020: net unrealised loss of £1,106,400) was included in OCI in respect of these contracts. The ineffectiveness recognised during the year was £nil (2020: £nil).

15. Other financial instruments (continued)

The following financial instruments are measured at fair value using the hierarchy below for determination and disclosure of their respective fair values:

Level 1: Unadjusted quoted prices in active markets for identical financial assets or liabilities
Level 2: Other valuation techniques where the inputs are based on significant observable factors
Level 3: Other valuation techniques where the inputs are based on significant unobservable market data

	Date of valuation	Level 1 31 March 2021	Level 2 31 March 2021	Level 3 31 March 2021
	£	£	£	£
Financial assets				
Interest rate swaps contracts	31 March 2021	-	4,958,767	-
Inflation-linked swaps contracts	31 March 2021	-	8,969,754	-
Financial liabilities				
Interest rate swaps contracts	31 March 2021	-	5,651,639	-
Inflation-linked swaps contracts	31 March 2021	-	8,969,754	-

	Date of valuation	Level 1 31 March 2020	Level 2 31 March 2020	Level 3 31 March 2020
	£	£	£	£
Financial assets				
Interest rate swaps contracts	31 March 2020	-	25,541,022	-
Inflation-linked swaps contracts	31 March 2020	-	18,641,025	-
Financial liabilities				
Interest rate swaps contracts	31 March 2020	-	26,647,422	-
Inflation-linked swaps contracts	31 March 2020	-	18,641,025	-

The interest swaps contracts are classified as level 2 of the fair value hierarchy because they are valued using techniques that are based upon quoted rates in an active market for instruments. Where such information is not available the Directors consider information from variety of sources including:

- current prices in an active market for properties of different nature or recent prices of instruments in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and
- capitalised income projections based upon a property's estimated net market income, and a capitalised rate derived from an analysis of market evidence.

The Company does not acquire, hold or issue financial instruments for trading purposes. The Company has no other financial assets and liabilities carried at fair value hierarchy during the current year. There were no transfers between levels.

16. Deferred tax assets

The Company's deferred tax balance is stated on the tax rate at which the deferred tax balance is expected to reverse. The movement on the deferred tax account for the year is shown below.

	£
At 12 July 2019	-
Provided during the period	210,216
At 31 March 2020	**210,216**
Utilised during the year	(78,570)
At 31 March 2021	**131,646**

17. Issued capital

	Par value per share	As at 31 March 2021 £	As at 31 March 2020 £
Issued share capital - 269,000,100 shares (2020: 269,000,100 shares)	£1	269,000,100	269,000,100
Paid-up share capital - 269,000,100 (2020: 256,789,975 shares)	£1	269,000,100	256,789,975
Called-up share capital - nil (2020: 12,210,125 shares)	£1	-	12,210,125

18. Reserves

	Cash flow hedges reserve £	Accumulated losses £
Loss for the period	-	(3,743,808)
Other comprehensive loss for the period	(896,184)	-
At 31 March 2020	**(896,184)**	**(3,743,808)**
Loss for the year	-	(7,357,248)
Other comprehensive income for the year	334,958	-
At 31 March 2021	**(561,226)**	**(11,101,056)**

Cash flow hedging reserves

The cash flow hedging reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

19. Transactions with related parties

Related parties are those parties that have the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties are considered to be related if they are subject to common control. There is no additional related party transaction except those disclosed in Note 11 and Note 14 of these financial statements.

20. Risk management and financial instruments

Set out below are the carrying amounts of the Company's financial instruments.

	As at 31 March 2021 £	As at 31 March 2020 £
Financial assets		
Amortised cost:		
Cash and cash equivalents	10,258,280	24,080,717
Group tax relief debtor	119,992	878,177
Trade and other receivables (excluding prepayments)	36,749	12,220,677
Derivatives used for hedging:		
Interest rate swap contracts	4,958,767	18,641,025
Inflation-linked swap contracts	8,969,754	25,541,022
Total financial assets	**24,343,542**	**81,361,618**
Financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables	(330,761)	(401,177)
Interest bearing loans and borrowings	(1,254,234,167)	(1,182,246,111)
Derivatives used for hedging:		
Interest rate swap contracts	(5,651,639)	(18,641,025)
Inflation-linked swap contracts	(8,969,754)	(26,647,422)
Total financial liabilities	**(1,269,186,321)**	**(1,227,935,735)**

The carrying amounts of the Company's financial assets and financial liabilities, other than derivatives, as at 31 March 2021 are presented in the table above. Interest bearing loans and borrowings fair value is estimated to be £1,258,245,153. All other financial assets and liabilities' carrying values are deemed approximate to their fair value.

None of these financial assets is either past due or impaired during the year.

The Company's activities expose it to various financial risks particularly associated with interest rate risk on its loans and borrowings and foreign currency risk on both conducting business in currencies other than reporting currency as well as translation of the assets and liabilities of foreign currency balances to the reporting currency. The Company evaluates these risks through monitoring and manages these risks using a combination of various derivative instruments and interest rate swaps, in line with the Company's hedging policies.

The other main risks (besides interest rate risk) arising from the Company's financial instruments are credit risk, liquidity risk and the policies relating to these risks are discussed in detail below:

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect the value of the Company's interest-bearing financial liabilities and assets. The Company's exposure to market risk arising from changes in interest rates relates primarily to the Company's long-term floating rate debt obligations and its cash and bank balances.

20. Risk management and financial instruments (continued)

Interest rate risk (continued)

The Company manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity analysis
The impact on the Company' loss before tax and interest loans and borrowings due to a reasonably possible change in interest rates on loans and borrowings at the reporting date is demonstrated in the table below. That analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	100 basis point increase	100 basis point decrease
	£	£
31 March 2021	(47,455)	47,455
31 March 2020	(24,851)	24,851

Interest rate swaps
At 31 March 2021, the Company had interest rate swap agreements in place for its loans with a notional principle equivalent to £260.12m whereby it pays a fixed rate of interest of 0.621% and 0.620% and receives a variable rate equal to LIBOR on the notional amount. The fair value of the interest rate swaps at 31 March 2021 is a total liability of £692,872 (2020: £1,106,400) and is being used to hedge the exposure to changes in LIBOR rates.

Liquidity risk
The Company's primary objective is to ensure sufficient liquidity is available to support future growth. The strategy includes the provision of financial capital and the potential impact on the Company's capital structure is reviewed regularly. The Company is not exposed to any external capital constraints. The maturity profiles of the Company's financial liabilities are as follows:

31 March 2021	<3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Interest bearing loans and borrowings	-	141,135,086	493,466,651	624,549,064	1,259,150,801
Trade and other payables	330,761	-	-	-	330,761
Interest rate swap contracts	-	692,872	-	4,958,767	5,651,639
Inflation-linked swap contracts	-	-	-	8,969,754	8,969,754
Total financial liabilities	**330,761**	**141,827,958**	**493,466,651**	**638,477,585**	**1,274,102,955**

31 March 2020	<3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Interest bearing loans and borrowings	-	55,370,778	288,675,550	843,879,437	1,187,925,765
Trade and other payables	401,177	-	-	-	401,177
Interest rate swap contracts	-	-	1,106,400	25,541,022	26,647,422
Inflation-linked swap contracts	-	-	-	18,641,025	18,641,025
Total financial liabilities	**401,177**	**55,370,778**	**289,781,950**	**888,061,484**	**1,233,615,389**

20. Risk management and financial instruments (continued)

Credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as agreed. The Company's maximum exposure to credit risk is limited to the carrying value of cash and cash equivalents, trade and other receivables (excluding prepayments) and swap contracts. Company policies are aimed at minimising credit risk. These policies have proved effective in minimising the level of impaired and past due receivables.

The aging profiles of the Company's financial assets are as follows:

31 March 2021	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Cash and cash equivalents	10,258,280	-	-	-	10,258,280
Group tax relief debtor	-	119,992	-	-	119,992
Trade and other receivables					
(excluding prepayments)	36,749	-	-	-	36,749
Interest rate swap contracts	-	-	-	4,958,767	4,958,767
Inflation-linked swap contracts	-	-	-	8,969,754	8,969,754
Total financial liabilities	10,295,029	119,992	-	13,928,521	24,343,542

31 March 2020	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Cash and cash equivalents	24,080,717	-	-	-	24,080,717
Group tax relief debtor	-	878,177	-	-	878,177
Trade and other receivables					
(excluding prepayments)	10,552	12,210,125	-	-	12,220,677
Interest rate swap contracts	-	-	-	25,541,022	25,541,022
Inflation-linked swap contracts	-	-	-	18,641,025	18,641,025
Total financial liabilities	24,091,269	13,088,302	-	44,182,047	81,361,618

Financial assets other than swap contracts are not past due and impaired as the amounts are mainly intercompany.

Capital Management

The Company's objectives, when managing capital, are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

21. Ultimate parent undertaking and controlling party

The Company is fully consolidated into the financials of Bilbao Offshore Investment Limited, being its immediate parent undertaking.

Bilbao Offshore Investment Limited is a 50:50 joint venture undertaking between Bilbao Offshore Topco Limited and Verneuil Holdings Limited.

Bilbao Offshore Topco Limited is a company incorporated on 19 July 2019. The ultimate controlling entity of the company is Macquarie Group Limited.

Verneuil Holdings Limited is a company incorporated on 18 March 2020. The ultimate controlling entity of the company is The Renewables Infrastructure Group.

22. Events after the reporting date

After the year end, EA1 Limited has approved a dividend to the Company of £41,500,000 in September 2021 and £14,340,000 in December 2021.

In December 2021, a Special Resolution was approved for the declaration of a dividend of £5,500,000. These funds were distributed to Bilbao Offshore Investment Limited being the immediate parent and sole shareholder.