Company number: 12099853

Bilbao Offshore Holding Limited

Annual Report and Financial Statements
For the year ended 31 March 2023

Bilbao Offshore Holding Limited

Company Information

Board of Directors	Mark Angus Giulianotti Gero Vella Mark Christopher Wayment (Resigned on 6 April 2023) Anthony James Wort Edward Patrick Northam Alasdair Campbell Alexander Victor Thorne (Appointed on 6 April 2023)
Company secretary	IQ EQ Corporate Services (UK) Limited
Company number	12099853
Registered office	4th Floor 3 More London Riverside London, England SE1 2AQ
Independent Auditors	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ United Kingdom
Principal Bank	MUFG Bank, Ltd.

Bilbao Offshore Holding Limited

Contents

Bilbao Offshore Holding Limited

Strategic report
For the year ended 31 March 2023

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

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 Limited'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 2023	31 March 2022	Variance
	£	£	%
Net profit from continuing operations	106,993,518	79,037,700	35%
Total assets	1,505,342,088	1,723,494,690	-13%
Net assets	363,730,263	331,502,900	10%

Net profit from continuing operations increased from net profit £79,037,700 in the year ended 31 March 2022 to £106,993,518 in the year ended 31 March 2023, largely due to the increase in the dividend received from EA1 Limited. The net assets position increased from £331,502,900 as at 31 March 2022 to £363,730,263 as at 31 March 2023, largely due to the decrease of interest bearing loans and borrowings.

Results and dividends

The Company's profit on continuing operations for the year was £106,993,518 (2022: £79,037,700). On 10 June 2022, a special resolution was approved for the declaration of a dividend of £7,650,000. On 16 December 2022, a special resolution was approved for the declaration of a dividend of £10,550,000. On 12 January 2023, a special resolution was approved for the declaration of a dividend of £21,000,000. And lastly, on 6 February 2023, a special resolution was approved for the declaration of a dividend of £35,500,000. These funds were distributed to Bilbao Offshore Investment Limited being the immediate parent and sole shareholder.

Financial risk management

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 22.

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.

Financial risk management (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. The Directors have assessed the cash position of Bilbao Offshore Holding Limited and are confident that it has sufficient funds to pay off its loans with Offshore Financing Limited.

On behalf of the board,

DocuSigned by:

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Anthony Wort
Director

Date: 17 October 2023

Bilbao Offshore Holding Limited
Company number: 12099853

Directors' report
For the year ended 31 March 2023

The Directors present their report and the audited financial statements for the year ended 31 March 2023.
Some information required to be in the directors report has been presented in the strategic report.

Board of Directors

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

Mark Angus Giulianotti
Edward Patrick Northam
Gero Vella
Anthony James Wort
Alasdair Campbell
Alexander Victor Thorne

On 06 April 2023, Alexander Victor Thorne was appointed as a new Director. And at the same date, Mark Christopher Wayment resigned as a Director. All other Directors were appointed in previous years.

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 EA1 Limited. EA1 limited remains fully operational and no future developments has been discussed.

Dividends

On 10 June 2022, a special resolution was approved for the declaration of a dividend of £7,650,000. On 16 December 2022, a special resolution was approved for the declaration of a dividend of £10,550,000. On 12 January 2023, a special resolution was approved for the declaration of a dividend of £21,000,000. And lastly, on 6 February 2023, a special resolution was approved for the declaration of a dividend of £35,500,000. These funds were distributed to Bilbao Offshore Investment Limited being the immediate parent and sole shareholder.

Events since the balance sheet date

After the year end, EA1 Limited has approved a dividend to the Company of £38,800,000 in May 2023.

In June 2023, a special resolution was approved for the declaration of interim dividend of £1,800,000. The funds were distributed to the shareholder, Bilbao Offshore Investment Limited, being the immediate parent undertaking.

Going concern

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.

EA1 Limited remains stable and profitable during the year and is expected to be operational for the foreseeable future.

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 22.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements 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 UK-adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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,

DocuSigned by:

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Anthony Wort
Director

Date: 17 October 2023

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 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2023; the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

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

Report on the audit of the financial statements (Continued)

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

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 2023 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.

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

Report on the audit of the financial statements (Continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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, income taxes and value added taxes, 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 posting fraudulent journals in underlying books and records and the missappropriation of cash. Audit procedures performed by the engagement team included:

- performing inquiries of management to determine if they were aware of any frauds, alleged frauds or matters of non-compliance with laws or regulations;
- inspection of the minutes of meetings of the Board of Directors;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- performing certain procedures on an unpredictable basis.

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

Report on the audit of the financial statements (Continued)

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
- 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.

John Dashwood

John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
18 October 2023

Bilbao Offshore Holding Limited

Company number: 12099853

Statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Administrative expenses	4	(10,105,648)	(4,337,699)
Operating loss		**(10,105,648)**	**(4,337,699)**
Investment income	8	124,980,000	87,720,000
Finance income	7	582,374	67,920
Finance expenses	6	(8,980,229)	(6,567,065)
Profit before tax from continuing operations		**106,476,497**	**76,883,156**
Income tax credit	10	517,021	2,154,544
Net profit from continuing operations		**106,993,518**	**79,037,700**
Other comprehensive (loss) / income			
Items that may be reclassified to profit or loss			
Net (loss) / gain on cash flow hedges	9	(88,207)	781,080
Deferred tax	9	22,052	(153,698)
Total other comprehensive (loss) / income		**(66,155)**	**627,382**
Total comprehensive income		**106,927,363**	**79,665,082**

The net profit of £106,993,518 for the year ended 31 March 2023 (2022: £79,037,700) was derived in its entirety from continuing operations.

Bilbao Offshore Holding Limited

Company number: 12099853

Statement of financial position as at 31 March 2023

	Note	As at 31 March 2023 £	As at 31 March 2022 £
Assets			
Non-current assets			
Investment in associate	*11*	1,236,951,138	1,544,830,774
Deferred tax asset	*17*	2,274,536	-
Other financial assets	*16*	262,400,649	174,772,676
		1,501,626,323	**1,719,603,450**
Current assets			
Group tax relief debtor		517,020	2,274,536
Trade and other receivables	*12*	671,718	64,881
Cash and cash equivalents	*13*	2,527,027	1,551,823
		3,715,765	**3,891,240**
Total assets		**1,505,342,088**	**1,723,494,690**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	*17*	-	22,052
Other financial liabilities	*16*	262,400,650	174,684,468
Interest bearing loans and borrowings	*14*	798,509,738	1,135,734,158
		1,060,910,388	**1,310,440,678**
Current liabilities			
Trade and other payables	*15*	1,866,148	1,202,238
Interest bearing loans and borrowings	*14*	78,835,289	80,348,874
		80,701,437	**81,551,112**
Total liabilities		**1,141,611,825**	**1,391,991,790**
Shareholders' equity			
Issued capital	*18*	269,000,100	269,000,100
Cash flow hedges reserve	*19*	1	66,156
Retained earnings	*19*	94,730,162	62,436,644
Total equity		**363,730,263**	**331,502,900**
Total liabilities and shareholders' equity		**1,505,342,088**	**1,723,494,690**

The financial statements on pages 10 to 35 were approved and authorised for issue by the Board of Directors on 17 October 2023 and signed on its behalf by:

DocuSigned by:

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Anthony Wort
Director
Date: 17 October 2023

The notes on pages 14 to 35 form an integral part of financial statements

Bilbao Offshore Holding Limited
Company number: 12099853

Statement of changes in equity
for the year ended 31 March 2023

	Note	Issued capital	(Accumulated losses) / retained earnings	Cash flow hedges reserve	Total equity
		£	£	£	£
At 1 April 2021		**269,000,100**	**(11,101,056)**	**(561,226)**	**257,337,818**
Profit for the year	*19*	-	79,037,700	-	79,037,700
Other comprehensive income for the year	*19*	-	-	627,382	627,382
Total comprehensive income for the year		-	**79,037,700**	**627,382**	**79,665,082**
Dividends declared and paid during the year	*19*	-	(5,500,000)	-	(5,500,000)
At 31 March 2022	*19*	**269,000,100**	**62,436,644**	**66,156**	**331,502,900**
Profit for the year	*19*	-	106,993,518	-	106,993,518
Other comprehensive loss for the year	*19*	-	-	(66,155)	(66,155)
Total comprehensive income / (loss) for the year		-	**106,993,518**	**(66,155)**	**106,927,363**
Dividends declared and paid during the year	*19*	-	(74,700,000)	-	(74,700,000)
At 31 March 2023		**269,000,100**	**94,730,162**	**1**	**363,730,263**

The notes on pages 14 to 35 form an integral part of financial statements

Bilbao Offshore Holding Limited

Company number: 12099853

Statement of cash flows
for the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Operating activities			
Profit before tax		106,476,497	76,883,156
Adjustments to reconcile profit before tax to net cash flows:			
Investment income	8	(124,980,000)	(87,720,000)
Finance income	7	(582,374)	(67,920)
Finance expenses	6	8,980,229	6,567,065
		(10,105,648)	(4,337,699)
Working capital adjustments:			
(Increase) / decrease in trade and other receivables		(519,531)	59,575
Increase in trade and other payables		336,185	928,521
		(183,346)	988,096
Interest income received		495,069	45,014
Interest expense paid		(6,394,605)	(5,456,755)
Net cash used in operating activities		**(16,188,530)**	**(8,761,344)**
Investing activities			
Purchase of interest in associate	11	-	(42,846,623)
Disposal of interest in associate	11	307,879,636	-
Dividend received from associate	8	124,980,000	87,720,000
Net cash generated from investing activities		**432,859,636**	**44,873,377**
Financing activities			
Repayment of loans		(340,995,902)	(39,318,490)
Dividends paid	20	(74,700,000)	(5,500,000)
Net cash used in financing activities		**(415,695,902)**	**(44,818,490)**
Net increase / (decrease) in cash and cash equivalents		975,204	(8,706,457)
Cash and cash equivalents at the beginning of the year		1,551,823	10,258,280
Cash and cash equivalents at the end of the year		**2,527,027**	**1,551,823**

The notes on pages 14 to 35 form an integral part of financial statements

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 UK-adopted international accounting standards and Companies Act 2006.

The financial statements have been prepared under the historic cost convention modified by revaluation of derivatives used for hedging. 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

The Directors consider it appropriate to prepare the financial statements on a going concern basis although the company is at net current liability. This assessment was based on the fact that the Company is capable of providing funds and positive net cash flows and income are anticipated going forward. Accordingly, the Company is expected to be in a position to meet its liabilities as they fall due for a period greater than twelve months from the approval of the financial statements.

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.

2. Accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

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.

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.

2. Accounting policies (continued)

2.3 *Summary of significant accounting policies (continued)*

Financial instruments

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; 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.

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) FVPL
Assets that do not meet the criteria for amortised cost 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 introduces 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 this model. Under this 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. This impairment model applies to financial instruments measured at amortised cost. 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.

2. Accounting policies (continued)

2.3 *Summary of significant accounting policies (continued)*

Financial instruments (continued)

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 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.

2. Accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

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:

- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transaction (cash flow hedges); and

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.

- Hedge effectiveness assessment further consider these factors below:

  a. Where the critical terms of the hedged item and hedging instrument are closely aligned and the offsetting nature of the underlying economic relationship is apparent, a quantitative hedge effectiveness test will not be performed to supplement the qualitative test above. In this case, the terms of the actual and hypothetical derivative (the "perfect hedge") will be identical and therefore effectiveness is expected both at inception and on an ongoing basis.

  b. Where the critical terms are not closely aligned, or the economic relationship is not readily obvious, the qualitative test will be supplemented with a quantitative test described below. Where quantitative testing is required, prospective hedge effectiveness will be performed using regression analysis.

2. Accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

c. Regression analysis is used to determine the correlation between the data sets (i.e. whether a high degree of offset is expected between the change in fair values of the hedging instrument and hypothetical derivative). The regression analysis will be used to check (and document) that:
- the regression slope is between 0.8 and 1.25;
- R squared is above 0.8 (the co-efficient of determination); and
- the t-test indicates a confidence level of 95% or higher (the statistical validity of the overall regression model).

d. If the results of the regression analysis meet these criteria, then the hedge relationship is expected to be highly effective, and hedge accounting will continue to be applied. If the results do not meet the criteria, then judgement will need to be applied whether the effectiveness requirements have still been met

e. Prospective hedge effectiveness is assessed at inception, at each half-year and year end reporting date, or on significant changes in circumstances affecting the hedge.

The Company's interest rate swaps are used as a hedging instrument against the interest-bearing loans (the hedged item). Both qualify as eligible for the purpose of hedge accounting under IFRS 9. The hedged item creates an exposure to pay one-month Sonia (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, and 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.

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

Standards and amendments that are effective for subsequent reporting periods beginning on or after 1 January 2023 and have not been early adopted by the Company include:

(i) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective 1 January 2023)
(ii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)
(iii) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023)
(iv) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
(v) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024)

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. This is an accounting judgement.

b) Impairment of non- financial assets
The Company assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these estimates would affect the amount of impairment. No impairment has been calculated during the year (2022: same)

c) 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 2023 £	For the year ended 31 March 2022 £
Accretion expense	9,384,486	3,206,811
Professional fees	321,574	634,146
Administration fees	241,081	171,978
Auditors' remuneration	100,320	35,040
Insurance fees	29,257	69,890
Tax advisory fees	21,762	20,679
Legal fees	7,168	199,116
Other expense	-	39
	10,105,648	**4,337,699**

During the year, the Company incurred audit services amounting to £100,320 (2022: £35,040) 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 (2022: same). 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 (2022: same).

6. Finance expenses

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Interest and other expenses due to banks and other financial institutions	8,980,229	6,567,065
	8,980,229	**6,567,065**

7. Finance income

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Interest income on cash held with the bank	582,374	67,920
	582,374	**67,920**

8. Investment income

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Dividend from associate	124,980,000	87,720,000
	124,980,000	**87,720,000**

9. Components of OCI

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Cash flow hedges:		
(Loss) / gain during the year		
Interest rate swaps	(88,207)	781,080
	(88,207)	781,080
Deferred tax	22,052	(153,698)
	(66,155)	**627,382**

10. Income tax credit

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Current tax:		
Current tax on profit for the year	(517,021)	(1,204,163)
Adjustment in respect of prior years	-	(950,381)
Total current tax	**(517,021)**	**(2,154,544)**

Factors affecting tax credit for the year

The tax assessed for the year is different from (2022: different from) the standard rate of corporation tax in the UK of 19% (2022: 19%).

10. Income tax credit (continued)

The differences are explained below:

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Profit before tax	106,476,497	76,883,156
Tax on profit before tax at standard UK tax rate of 19% (2022: 19%)	20,230,534	14,607,800
Effects of:		
Adjustment in respect of prior years	-	(950,381)
Dividend income	(23,746,200)	(16,666,800)
Expenses not deductible	-	854,837
Amounts not recognized	2,998,645	-
Total tax credit for the year	**(517,021)**	**(2,154,544)**

Factors affecting future tax charges
The UK Budget 2021 announcements on 3 March 2021 included measure to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to UK's main corporation tax rate to 25% which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence should not be reflected in the measurement of deferred tax balances at the period end.

11. Investment in associate

	As at 31 March 2023 £	As at 31 March 2022 £
Balance at 1 April	1,544,830,774	1,501,984,151
Acquisitions	-	42,846,623
Disposals	(307,879,636)	-
Investment in East Anglia One Limited at cost at 31 March	**1,236,951,138**	**1,544,830,774**

During the year, there was a disposal of £307,879,636 incurred as a return of investments in EA1 Limited (2022: acquisition of £42,846,623).

11. 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 2022.

12. Trade and other receivables

	As at 31 March 2023 £	As at 31 March 2022 £
Prepayments	267,414	46,158
Amounts due from related parties	293,144	-
Other receivables	111,160	18,723
	671,718	**64,881**

13. Cash and cash equivalents

	As at 31 March 2023 £	As at 31 March 2022 £
Cash held with the bank	**2,527,027**	**1,551,823**

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

14. Interest bearing loans and borrowings

Current		Actual interest rate %	Maturity	As at 31 March 2023 £	As at 31 March 2022 £
CPI-linked term facility	i	0.00745%	31-Mar-35	78,835,289	80,348,874
				78,835,289	**80,348,874**

Non-current		Actual interest rate %	Maturity	As at 31 March 2023 £	As at 31 March 2022 £
CPI-linked term facility	i	0.00745%	31-Mar-35	799,936,083	883,923,294
OFTO term facility	ii	SONIA+1.3%	30-Jun-25	-	200,082,931
OFTO revolving credit facility	iii	SONIA+1.3%	31-Aug-29	-	53,277,766
Other facilities	iv	SONIA+1.7%	31-Mar-35	(1,426,345)	(1,549,833)
				798,509,738	**1,135,734,158**

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). There were no drawdowns (2022: £64,184,476) during the year. As at 31 March 2023, the balance of the loan is £878,836,409. The facility matures on 31 March 2035.

(i) 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 (2022: £nil) during the year, the last drawdown occurred was in 2019. As at 31 March 2023, the balance of the loan is £nil (2022: £201,531,479) due to prepayments amounting to £499 on 30 June 2022, and £201,530,980 on 3 January 2023.

(ii) 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. There were no drawdowns (2022: £2,760,957) during the year. As at 31 March 2023, the balance of the loan is £nil (2022: £53,952,117) due to prepayment of the outstanding balance on 3 January 2023.

(iii) 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. Interest bearing loans and borrowings (continued)

In June 2022, the loan interest rate transition from LIBOR to SONIA was completed. This transition took effect in the June 2022 loan interest payments. The transition had no financial impact on the Company.

The below shows the reconciliation of net debt:

	£	£
Balance at 1 April 2022 / 1 April 2021	1,216,083,032	1,254,234,167
Financing cash flows	(340,995,902)	(39,318,490)
	875,087,130	1,214,915,677
Non-cash movement:		
Effective interest expense	2,257,897	1,167,355
Balance at 31 March 2023 / 31 March 2022	**877,345,027**	**1,216,083,032**

15. Trade and other payables

	As at 31 March 2023 £	As at 31 March 2022 £
Trade payables	11,628	139,931
Interest payable	380,380	52,654
Accrued expenses	155,325	127,693
Amounts due to related parties	1,318,815	881,960
	1,866,148	**1,202,238**

Amounts due to related parties mainly comprise of interest payable on swap derivatives to Offshore Financing Limited (FinCo) and interim dividends payable to Bilbao Offshore Investment Limited being the immediate parent and sole shareholder.

16. Other financial instruments

Other financial assets

	As at 31 March 2023 £	As at 31 March 2022 £
Derivatives used for hedging		
Interest rate swaps contracts	156,327,826	69,246,401
Inflation-linked swaps contracts	106,072,823	105,526,275
Total fair value of other financial assets	**262,400,649**	**174,772,676**

Other financial liabilities

	As at 31 March 2023 £	As at 31 March 2022 £
Derivatives used for hedging		
Interest rate swaps contracts	156,327,826	69,158,193
Inflation-linked swaps contracts	106,072,824	105,526,275
Total fair value of other financial liabilities	**262,400,650**	**174,684,468**

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 (SONIA) payable on the OFTO term facility and OFTO Revolving facility.

Interest rate swaps agreements:

On 28 October 2021, the Company entered into new interest rate swap agreements with a notional amount of £256m, settled every 3 months from 31 December 2021 through 30 June 2022.

On 14 July 2022, the Company entered into new interest rate swap agreements with a notional amount of £256m, settled every 3 months from 14 July 2022 through 31 December 2022.

These agreements enable the Company to receive a variable rate of interest equal to SONIA in exchange for the payment of a fixed rates of interest of 0.733% for the prior, and 2.108% for the latter new swap in relation to their OFTO facility.

The swaps are being used to hedge the exposure to changes in the interest of its variable rate loans. These cash flow hedges were assessed to be highly effective, and as at 31 March 2023, a net unrealised loss of £88,208 (2022: net unrealised gain of £781,080) was included in OCI in respect of these contracts. The ineffectiveness recognised during the year was £nil (2022: £nil).

16. 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 2023	Level 2 31 March 2023	Level 3 31 March 2023
	£	£	£	£
Financial assets				
Interest rate swaps contracts	31 March 2023	-	156,327,826	-
Inflation-linked swaps contracts	31 March 2023	-	106,072,823	-
		-	**262,400,649**	-
Financial liabilities				
Interest rate swaps contracts	31 March 2023	-	156,327,826	-
Inflation-linked swaps contracts	31 March 2023	-	106,072,824	-
		-	**262,400,650**	-

	Date of valuation	Level 1 31 March 2022	Level 2 31 March 2022	Level 3 31 March 2022
	£	£	£	£
Financial assets				
Interest rate swaps contracts	31 March 2022	-	69,246,401	-
Inflation-linked swaps contracts	31 March 2022	-	105,526,275	-
		-	**174,772,676**	-
Financial liabilities				
Interest rate swaps contracts	31 March 2022	-	69,158,193	-
Inflation-linked swaps contracts	31 March 2022	-	105,526,275	-
		-	**174,684,468**	-

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.

17. Deferred tax assets / liabilities

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 1 April 2021	131,646
Utilised during the year	(153,698)
At 31 March 2022	**(22,052)**
Provided during the year	2,296,588
At 31 March 2023	**2,274,536**

18. Issued capital

	Par value per share	As at 31 March 2023 £	As at 31 March 2022 £
Authorised, fully paid and issued shares - 269,000,100 shares (2022: 269,000,100 shares)	£1	**269,000,100**	**269,000,100**

19. Reserves

	Cash flow hedges reserve £	(Accumulated losses) / retained earnings £
At 1 April 2021	**(561,226)**	**(11,101,056)**
Profit for the year	-	79,037,700
Other comprehensive income for the year	627,382	-
Dividends declared during the year	-	(5,500,000)
At 31 March 2022	**66,156**	**62,436,644**
Profit for the year	-	106,993,518
Other comprehensive loss for the year	(66,155)	-
Dividends declared during the year	-	(74,700,000)
At 31 March 2023	**1**	**94,730,162**

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.

20. Dividends

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Dividends declared	74,700,000	5,500,000
Dividends per share	0.28	0.02

The funds were distributed to Bilbao Offshore Investment Limited in line with its shareholding.

21. 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 12 and Note 15 of these financial statements.

22. Risk management and financial instruments

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

	As at 31 March 2023 £	As at 31 March 2022 £
Financial assets		
Amortised cost:		
Cash and cash equivalents	2,527,027	1,551,823
Group tax relief debtor	517,020	2,274,536
Trade and other receivables (excluding prepayments)	404,304	18,723
Derivatives used for hedging:		
Interest rate swap contracts	156,327,826	69,246,401
Inflation-linked swap contracts	106,072,823	105,526,275
Total financial assets	**265,849,000**	**178,617,758**
Financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables	(1,866,148)	(1,202,238)
Interest bearing loans and borrowings	(877,345,027)	(1,216,083,032)
Derivatives used for hedging:		
Interest rate swap contracts	(156,327,826)	(69,158,193)
Inflation-linked swap contracts	(106,072,824)	(105,526,275)
Total financial liabilities	**(1,141,611,825)**	**(1,391,969,738)**

The carrying amounts of the Company's financial assets and financial liabilities, other than derivatives, as at 31 March 2023 are presented in the table above. As at 31 March 2023, interest bearing loans and borrowings fair value is estimated to be £827,090,024 (2022: £1,252,451,113). All other financial assets and liabilities' carrying values are deemed approximate to their fair value.

22. Risk management and financial instruments (continued)

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.

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 2023	(26,606)	26,606
31 March 2022	(13,006)	13,006

Interest rate swaps
The Company entered into two additional interest rate swap agreements with a notional equivalent of £256m each, in place for its loans, whereby it pays a fixed rate of interest of 0.733% and 2.108%, respectively, and receives a variable rate equal to SONIA on the notional amount. The fair value of the interest rate swaps at 31 March 2023 is a total asset of £nil (2022: £88,208) and is being used to hedge the exposure to changes in SONIA rates.

22. Risk management and financial instruments (continued)

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 2023	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Interest bearing loans and borrowings	-	78,845,568	294,627,863	505,362,979	878,836,410
Trade and other payables	1,866,148	-	-	-	1,866,148
Interest rate swap contracts	-	-	-	156,327,826	156,327,826
Inflation-linked swap contracts	-	-	-	106,072,824	106,072,824
Total financial liabilities	**1,866,148**	**78,845,568**	**294,627,863**	**767,763,629**	**1,143,103,208**

31 March 2022	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Interest bearing loans and borrowings	-	80,360,102	504,250,501	636,216,036	1,220,826,639
Trade and other payables	1,202,238	-	-	-	1,202,238
Interest rate swap contracts	-	(88,208)	-	69,246,401	69,158,193
Inflation-linked swap contracts	-	-	-	105,526,275	105,526,275
Total financial liabilities	**1,202,238**	**80,271,894**	**504,250,501**	**810,988,712**	**1,396,713,345**

22. 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 2023	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Cash and cash equivalents	2,527,027	-	-	-	2,527,027
Group tax relief debtor	-	517,020	-	-	517,020
Trade and other receivables (excluding prepayments)	404,304	-	-	-	404,304
Interest rate swap contracts	-	-	-	156,327,826	156,327,826
Inflation-linked swap contracts	-	-	-	106,072,823	106,072,823
Total financial assets	**2,931,331**	**517,020**	**-**	**262,400,649**	**265,849,000**

31 March 2022	< 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Cash and cash equivalents	1,551,823	-	-	-	1,551,823
Group tax relief debtor	-	2,274,536	-	-	2,274,536
Trade and other receivables (excluding prepayments)	18,723	-	-	-	18,723
Interest rate swap contracts	-	-	-	69,246,401	69,246,401
Inflation-linked swap contracts	-	-	-	105,526,275	105,526,275
Total financial assets	**1,570,546**	**2,274,536**	**-**	**174,772,676**	**178,617,758**

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.

23. 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.Copies of Macquarie Group Limited's financial statements can be obtained from its registered office at Level 6, 50 Martin Place, Sydney, Nsw 2000, Australia.

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

24. Events after the reporting date

After the year end, EA1 Limited has approved a dividend to the Company of £38,800,000 in May 2023.

In June 2023, a special resolution was approved for the declaration of interim dividend of £1,800,000. The funds were distributed to the shareholder, Bilbao Offshore Investment Limited, being the immediate parent undertaking.