

Company Registration No. 12146958 (England and Wales)

OSW CO INVESTMENTS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



OSW CO INVESTMENTS LIMITED

COMPANY INFORMATION

Directors

Mr J Duffy
Mr T Kelly
Mr P Stalley
Mr D Tilstone

Secretary

Mr D Tan
Vercity Management Services Limited

Company number

12146958

Registered office

8 White Oak Square
London Road
Swanley
Kent
BR8 7AG

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

OSW CO INVESTMENTS LIMITED

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OSW CO INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and audited consolidated financial statements of the Group and the Company for the year ended 31 March 2021.

Incorporation

The company was incorporated in England and Wales on 8 August 2019 as a private company limited by shares.

Principal activities

The principal activity of the group is to hold strategic investments in a wind farm. The company holds 100% of the shares of OSW LP Holdco Limited ("the subsidiary"), whose results are consolidated in these financial statements.

The group is not expected to change its nature of operations. The company will continue as an investment company for the foreseeable future.

Results and dividends

The results for the year are set out on page 7. The group's total comprehensive income for the year amounts to £8,593,995 (2020: total comprehensive loss of £12,741,801).

No dividends were declared or paid during the year (2020: nil).

The Directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Duffy

Mr T Kelly

Mr P Stalley

Mr D Tilstone

Mr R Abel

(Resigned 22 June 2020)

Mrs E Eisenberg

(Resigned 17 February 2021)

Employees

The group had no employees during the year (2020: nil).

None of the directors have received remuneration during the year (2020: nil).

Directors' insurance

The group purchased insurance to cover directors' and officers' liability as permitted by applicable law. There are no indemnity agreements for any director.

Financial risk management

The principal financial risks and uncertainties that the company faces and how the company manages these risks are discussed in notes 17 to 21.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept reappointment. The directors shall propose a resolution to reappoint them subsequent to approval of the financial statements.

OSW CO INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of directors' responsibilities

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 group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 group and company and of the profit or loss of the group 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 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Advantage has been taken of the exemption under Section 414B of the Companies Act 2006 from the requirement to prepare a strategic report.

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future which is at least 12 months from the date of approval of the financial statements.

OSW CO INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The management has considered the impact of COVID-19 on the group, its operations and financial statements and concluded that there is no impact of COVID-19 on the group's ability to continue as a going concern for the foreseeable future. The long-term nature of offshore wind assets contributed to overall resilience of this asset class to economic fluctuations. The Group's and Company's liquidity position and forecasted future cash flows are being reviewed by the management and presented to the Board quarterly. The assumptions in the cash flow forecast are updated regularly to account for the most recent macroeconomic and Group/Company's developments.

At the year end, the Group has net current liabilities of £24,007,512 (2020: £32,598,397). The Company has net current assets of £101,083,683 (2020: £107,110,351).

The current liabilities of the Group (and the current assets of the Company) largely comprise of an intercompany loan payable to shareholders and a bank loan due in less than one year. The intercompany loan has no fixed repayment terms, and is repayable by the borrower only when (i) it has sufficient cash to make the payment and if (ii) the borrower is permitted to make the payment under its other financing arrangements. Based on the undertaking of this agreement, the directors are satisfied that the Group does not face a liquidity risk in respect of this. Therefore, the directors believe it remains appropriate for the financial statements to be prepared under the going concern basis.

On behalf of the board



.....
Mr J Duffy
Director

Date: 22 December 2021
.....

Independent auditors' report to the members of OSW Co Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, OSW Co Investments Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's profit and the group's and company's 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 and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company statement of financial position as at 31 March 2021; the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements 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 group 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 group's and 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and 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 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.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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 group's and 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 group or 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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the 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 posting inappropriate journal entries to achieve desired financial results and management bias in accounting estimates.. Audit procedures performed by the engagement team included:

- gaining an understanding of the legal and regulatory framework applicable to the company and considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud;
- enquiry of management and those charged with governance around actual and potential litigation and claims and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 December 2021

OSW CO INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£	£
Operating income		4,397	10,157
Administrative expenses		(195,299)	(155,052)
Operating loss	4	(190,902)	(144,895)
Share of profit/(loss) of associates	11	12,185,894	(4,221,052)
Finance costs	7	(4,903,375)	(6,869,981)
Profit/(loss) before taxation		7,091,617	(11,235,928)
Income tax expense	8	-	-
Profit/(loss) for the year		7,091,617	(11,235,928)
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss			
Cash flow hedges:			
- Hedging gain/(loss) arising in the year	23	1,502,378	(1,505,873)
Total items that may be reclassified to profit or loss		1,502,378	(1,505,873)
Total other comprehensive income/(expense) for the year		1,502,378	(1,505,873)
Total comprehensive income/(expense) for the year		8,593,995	(12,741,801)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income/(expense) for the year is all attributable to the owners of the parent company.

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
ASSETS			
Non-current assets			
Investments accounted for using the equity method	10	168,078,897	178,016,703
Total non-current assets		168,078,897	178,016,703
Current assets			
Trade and other receivables	12	29,490	28,966
Cash and cash equivalents		8,223,406	8,908,336
Total current assets		8,252,896	8,937,302
Total assets		176,331,793	186,954,005
EQUITY			
Called up share capital	22	100	100
Hedging reserve	23	(3,495)	(1,505,873)
Retained earnings		47,024,265	39,932,648
Total equity		47,020,870	38,426,875
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	97,047,020	105,485,558
Derivative financial instruments		3,495	1,505,873
Total non-current liabilities		97,050,515	106,991,431
Current liabilities			
Trade and other payables	13	655,367	530,236
Loans and borrowings	14	31,605,041	41,005,463
Total current liabilities		32,260,408	41,535,699
Total liabilities		129,310,923	148,527,130
Total equity and liabilities		176,331,793	186,954,005


Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

The financial statements on pages 7 to 35 were approved by the board of directors and authorised for issue on 22 December 2021 and are signed on its behalf by:



.....
Mr J Duffy
Director

OSW CO INVESTMENTS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
ASSETS			
Non-current assets			
Investment in subsidiary	10	250,550	250,550
Total non-current assets		250,550	250,550
Current assets			
Trade and other receivables	12	124,960,103	139,621,935
Cash and cash equivalents		8,223,406	8,908,336
Total current assets		133,183,509	148,530,271
Total assets		133,434,059	148,780,821
EQUITY			
Called up share capital	22	100	100
Hedging reserve	23	(3,495)	(1,505,873)
Retained earnings		4,287,113	1,875,243
Total equity		4,283,718	369,470
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	97,047,020	105,485,558
Derivative financial instruments		3,495	1,505,873
Total non-current liabilities		97,050,515	106,991,431
Current liabilities			
Trade and other payables	13	494,785	414,457
Loans and borrowings	14	31,605,041	41,005,463
Total current liabilities		32,099,826	41,419,920
Total liabilities		129,150,341	148,411,351
Total equity and liabilities		133,434,059	148,780,821

Notes on pages 16 to 35 form an integral part of these financial statements.

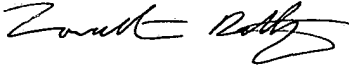
As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year/period was £2,411,870 (2020 : £1,875,243 profit).

OSW CO INVESTMENTS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

The financial statements on pages 7 to 35 were approved by the board of directors and authorised for issue on ~~22 December 2021~~ and are signed on its behalf by:



.....
Mr J Duffy
Director

Company Registration No. 12146958

OSW CO INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Called up share capital £	Hedging reserve £	Retained earnings £	Total £
Balance at 8 August 2019		-	-	-	-
Loss for the period		-	-	(11,235,928)	(11,235,928)
Other comprehensive expense:					
Cash flow hedges loss		-	(1,505,873)	-	(1,505,873)
Total comprehensive expense for the period		-	(1,505,873)	(11,235,928)	(12,741,801)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	22	100	-	-	100
Retained earnings acquired in capital reorganisation		-	-	51,168,576	51,168,576
Balance at 31 March 2020		100	(1,505,873)	39,932,648	38,426,875
Profit for the year		-	-	7,091,617	7,091,617
Other comprehensive income:					
Cash flow hedges gains		-	1,502,378	-	1,502,378
Total comprehensive income for the year		-	1,502,378	7,091,617	8,593,995
Balance at 31 March 2021		100	(3,495)	47,024,265	47,020,870

Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Called up share capital £	Hedging reserve £	Retained earnings £	Total £
Balance at 8 August 2019		-	-	-	-
Profit for the period		-	-	1,875,243	1,875,243
Other comprehensive expense:					
Cash flow hedge loss		-	(1,505,873)	-	(1,505,873)
Total comprehensive income for the period		-	(1,505,873)	1,875,243	369,370
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	22	100	-	-	100
Balance at 31 March 2020		100	(1,505,873)	1,875,243	369,470
Profit for the year		-	-	2,411,870	2,411,870
Other comprehensive income:					
Cash flow hedge gains		-	1,502,378	-	1,502,378
Total comprehensive income for the year		-	1,502,378	2,411,870	3,914,248
Balance at 31 March 2021		100	(3,495)	4,287,113	4,283,718

Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Cash flows from operating activities					
Cash used in operations	26		(104,719)		(112,499)
Interest paid			(5,883,038)		(6,869,981)
Net cash outflow from operating activities			(5,987,757)		(6,982,480)
Distributions received from associates	10	22,123,700		17,819,778	
Net cash generated from investing activities			22,123,700		17,819,778
Financing activities					
Proceeds from borrowings		30,114		-	
Repayment of borrowings		(8,445,567)		(115,320,089)	
Proceeds of new bank loans		-		113,391,127	
Repayment of bank loans		(8,365,397)		-	
Payment of lender's fees		(40,023)		-	
Net cash used in financing activities			(16,820,873)		(1,928,962)
Net (decrease)/increase in cash and cash equivalents			(684,930)		8,908,336
Cash and cash equivalents at beginning of year			8,908,336		-
Cash and cash equivalents at end of year			8,223,406		8,908,336

Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Cash flows from operating activities					
Cash used in operations	27		(104,719)		(71,462)
Interest paid			(5,883,038)		(21,865,982)
Net cash outflow from operating activities			(5,987,757)		(21,937,444)
Investing activities					
Purchase of subsidiaries		-		(250,550)	
Proceeds from repayment of intercompany loan		22,123,700		13,996,645	
Net cash generated from investing activities			22,123,700		13,746,095
Financing activities					
Proceeds from borrowings		30,114		-	
Repayment of borrowings		(8,445,567)		(96,291,442)	
Proceeds of new bank loans		-		113,391,127	
Repayment of bank loans		(8,365,397)		-	
Payment of lender's fees		(40,023)		-	
Net cash (used in)/generated from financing activities			(16,820,873)		17,099,685
Net (decrease)/increase in cash and cash equivalents			(684,930)		8,908,336
Cash and cash equivalents at beginning of year			8,908,336		-
Cash and cash equivalents at end of year			8,223,406		8,908,336

Notes on pages 16 to 35 form an integral part of these financial statements.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

OSW Co Investments Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom (England and Wales). The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of OSW Co Investments Limited and its subsidiary undertaking.

1.1 Accounting convention

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 ('IFRS') and the applicable legal requirements.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on a historical cost basis. The preparation of the financial statements in compliance with international accounting standards in conformity with the requirements of the Companies Act requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the accounting policies.

The comparative period for the Company financial statements is from incorporation on 8 August 2019 to 31 March 2020. For the reasons set out below, the comparative period for the consolidated financial statements is from 1 April 2019 to 31 March 2020.

According to IFRS 3 'Business combinations' a combination between entities or businesses under common control is defined as "a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory".

The creation of the Company formed a new intermediate parent company of OSW LP Holdco Limited. The combination occurred on incorporation and was between entities under common control, as such this has been accounted for and presented as a capital-reorganisation. On this basis, OSW Co Investments Limited has incorporated the assets and liabilities of OSW LP Holdco Limited at their pre combination carrying amounts. Despite the transaction occurring partway through the year, the Company's Consolidated financial statements include its subsidiaries full year results and comparatives in accordance with SI 2008/410.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company OSW Co Investments Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in associates.

The financial statements of the company, its subsidiary and the associates are made up to 31 March 2021. There are no differences between the accounting policies in the financial statements of the parent, the subsidiary and its associate.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost, as described in 1.11.

If the group's share of losses in an associate equals or exceeds its investment in the associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future which is at least 12 months from the date of approval of the financial statements.

The management has considered the impact of COVID-19 on the group, its operations and financial statements and concluded that there is no impact of COVID-19 on the group's ability to continue as a going concern for the foreseeable future. The long-term nature of offshore wind assets contributed to overall resilience of this asset class to economic fluctuations. The Group's and Company's liquidity position and forecasted future cash flows are being reviewed by the management and presented to the Board quarterly. The assumptions in the cash flow forecast are updated regularly to account for the most recent macroeconomic and Group/Company's developments.

At the year end, the Group has net current liabilities of £24,007,512 (2020: £32,598,397). The Company has net current assets of £101,083,683 (2020: £107,110,351).

The current liabilities of the Group (and the current assets of the Company) largely comprise of an intercompany loan payable to shareholders and a bank loan due in less than one year. The intercompany loan has no fixed repayment terms, and is repayable by the borrower only when (i) it has sufficient cash to make the payment and if (ii) the borrower is permitted to make the payment under its other financing arrangements. Based on the undertaking of this agreement, the directors are satisfied that the Group does not face a liquidity risk in respect of this. Therefore, the directors believe it remains appropriate for the financial statements to be prepared under the going concern basis.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

Financial assets are recognised in the group's/company's statement of financial position when the group/company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

All amounts owed by subsidiary undertakings are classified as financial assets at fair value through profit or loss.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial liabilities

The group/company recognises financial debt when the group/company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified into specified categories, depending on the nature and purpose of the financial liabilities. The financial liabilities of the Group and the Company include derivative financial instruments, trade and other payables and loans and borrowings. Other than derivative financial instruments (see note 1.8) and shareholder loan payable, which are held at fair value through OCI and fair value through profit or loss respectively, all financial liabilities are held at amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's/company's obligations are discharged, cancelled, or they expire.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the parent company.

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to other comprehensive income are transferred to the profit or loss when the hedged transaction affects the profit or loss.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's/ company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Dividends

Dividend income is recognised when the right to receive payment is established. Dividend distributions to the company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

1.11 Equity accounted associates

The group owns 40% of Macquarie GIG Renewable Energy Fund 1 L.P. and 20% of Macquarie GIG Renewable Energy Fund 1 B L.P. through its 100% holding in OSW LP Holdco Limited. The group accounts for these investments as associates under IAS 28.

Where the group has the power to participate in (but no control on the decisions made in financial and operating policy of another entity) the financial and operating policy decisions of another entity, it is classified as an associate.

Under the equity method, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate.

The group's share of post-acquisition profit or loss in the associate is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income in the associate is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit or loss of associates" in the profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

The following standards, interpretations and amendments to existing standards became effective on 1 January 2020 and have not had a material impact on the Company :

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1), effective from 1 January 2020

These have been implemented, please refer to note 20 for further detail.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical estimates

Management do not consider there to be any material critical estimates.

Critical judgement

Impairment of investment

At each balance sheet date, management assesses whether there is any indication that the investment in the associate may be impaired. In assessing whether there is any indication that the investment in the associate may be impaired, management uses judgement and takes into account several external and internal sources of information. The directors have considered all relevant sources of information and concluded that there are no indicators that the investment in the associate may be impaired.

4 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging:		
Fees payable to the group's auditor for the audit of the financial statements of the company and its subsidiary	48,228	40,800
Tax compliance fees	7,200	6,600
Management service fees	67,200	52,605
Agency fees	75,301	46,233
	<u> </u>	<u> </u>

All costs are shown inclusive of VAT as the company is not VAT registered.

5 Auditors' remuneration

	2021 £	2020 £
Fees payable to the group's auditors and their affiliates		
For audit services		
Audit of the financial statements of the group and company	40,190	34,000
Audit of the financial statements of the associates	47,000	44,000
	<u> </u>	<u> </u>
	87,190	78,000
	<u> </u>	<u> </u>

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Employees

The group had no employees during the year (2020: nil).

None of the directors have received remuneration during the year (2020: nil).

7 Finance costs

	2021 £	2020 £
Interest on bank loans	2,657,817	1,959,183
Interest on loans from parent undertaking	2,245,558	4,910,798
	<u>4,903,375</u>	<u>6,869,981</u>

8 Income tax expense

The charge for the year can be reconciled to the profit/(loss) per the Consolidated Statement of Comprehensive Income as follows:

	2021 £	2020 £
Profit/(loss) before taxation	<u>7,091,617</u>	<u>(11,235,928)</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2020: 19.00%)	1,347,407	(2,134,826)
Group relief	(44,347)	-
Share of (profit)/loss of associate	(2,315,853)	802,000
Amounts not recognised	(26,867)	1,332,826
Other	1,039,660	-
Taxation charge/(credit) for the year	<u>-</u>	<u>-</u>
Unrecognised deferred tax:		
Losses	<u>(1,272,923)</u>	<u>(3,298,819)</u>
Closing	<u>(1,272,923)</u>	<u>(3,298,819)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

As at 31 March 2021 the directors reviewed the probability that sufficient taxable profits would be available to allow the asset to be recovered. As this was uncertain a deferred tax asset was not recognised.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
OSW LP Holdco Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	Ordinary	100.00

10 Investments

	Group Non-current 2021 £	2020 £
Investments in associates	168,078,897	178,016,703
	Company Non-current 2021 £	2020 £
Investments in subsidiaries	250,550	250,550

On 17 August 2017, the group acquired 100% of the share capital of OSW LP Holdco Limited as part of a group wide restructure. The restructure involved incorporating intermediary holding companies to facilitate the purchase of investments in equity accounted for investments as detailed above.

Set out above and below are the carrying values of associates of the group as at 31 March 2021 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Investments

(Continued)

Movements in non-current investments

	Macquarie GIG Renewable Energy Fund 1 L.P. £	Macquarie GIG Renewable Energy Fund 1 B L.P. £	Total £
Cost or valuation			
At 1 April 2020	136,182,839	41,833,864	178,016,703
Dividends	(16,924,620)	(5,199,080)	(22,123,700)
Share of profit of associates for the year	9,322,209	2,863,685	12,185,894
At 31 March 2021	128,580,428	39,498,469	168,078,897
Cost or valuation			
At 8 August 2019	153,044,040	47,013,492	200,057,532
Dividends	(13,632,097)	(4,187,681)	(17,819,778)
Share of profit of associates for the year	(3,229,104)	(991,947)	(4,221,051)
At 31 March 2020	136,182,839	41,833,864	178,016,703
Carrying amount			
At 31 March 2021	128,580,428	39,498,469	168,078,897
At 31 March 2020	136,182,839	41,833,864	178,016,703

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Associates

The group owns 40% of Macquarie GIG Renewable Energy Fund 1 L.P. ("Fund A") and 20% of Macquarie GIG Renewable Energy Fund 1 B L.P. ("Fund B") through its subsidiary OSW LP Holdco Limited. The principal activity of Fund A and Fund B is to carry on the business of investing in operational offshore wind farms in the United Kingdom and to carry out all functions and acts in connection therewith.

Details of the group's associates at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Voting
Fund A	Alter Domus, 18 St Swithin's Lane, London, EC4N 8AD	Ordinary	40	40
Fund B	Alter Domus, 18 St Swithin's Lane, London, EC4N 8AD	Ordinary	20	20

The tables below and overleaf provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. Amounts are presented in £ thousands.

Summarised balance sheet	Fund A	Fund B	Total at 31 March 2021	Fund A	Fund B	Total at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets	321,669	197,368	519,037	340,688	209,038	549,726
Current assets	1,446	991	2,437	855	475	1,330
Current liabilities	(821)	(866)	(1,687)	(219)	(63)	(282)
Net assets	322,294	197,493	519,787	341,324	209,450	550,774
Reconciliation to carrying amount						
Opening net assets	341,324	209,450	550,774	383,111	235,067	618,178
Profit/(loss) for the year	20,987	11,339	32,326	(9,892)	(4,959)	(14,851)
Dividends	(40,017)	(23,296)	(63,313)	(31,895)	(20,658)	(52,553)
Closing net assets	322,294	197,493	519,787	341,324	209,450	550,774
Group's share in %	40%	20%		40%	20%	
Groups' share in £	128,918	39,499	168,416	136,530	41,890	178,420
Expenses allocation adjustment	(337)	-	(337)	(346)	(57)	(403)
Carrying amount	128,581	39,499	168,079	136,184	41,833	178,017

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Associates

(Continued)

Reconciliation to share of profit/(loss) and other comprehensive income in associates	Fund A	Fund B	Total year to 31 March 2021	Fund A	Fund B	Total year to 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	24,820	15,229	40,049	25,291	15,518	40,809
Profit/(loss) for the year	20,987	11,339	32,326	(9,892)	(4,959)	(14,851)
	20,987	11,339	32,326	(9,892)	(4,959)	(14,851)
Group share of profit/ (loss)	8,395	2,268	10,663	(3,957)	(992)	(4,949)
Expense allocation adjustment	927	596	1,523	728	-	728
	9,322	2,864	12,186	(3,229)	(992)	(4,221)

12 Trade and other receivables

	Group 2021 £	2020 £
Unpaid share capital	199	199
Prepayments	29,291	28,767
	29,490	28,966
	Company 2021 £	2020 £
Unpaid share capital	100	100
Amounts owed by subsidiary undertakings	124,930,712	139,593,068
Prepayments	29,291	28,767
	124,960,103	139,621,935

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Trade and other payables

	Group	
	2021	2020
	£	£
Amount owed to parent undertaking	250,550	250,550
Amounts owed to fellow group undertakings	266,638	191,313
Accruals	138,179	88,373
	<u>655,367</u>	<u>530,236</u>
	Company	
	2021	2020
	£	£
Amount owed to parent undertaking	250,550	250,550
Amounts owed to fellow group undertakings	135,524	105,410
Accruals	108,711	58,497
	<u>494,785</u>	<u>414,457</u>

14 Loans and borrowings

	Group Current		Group Non-current	
	2021	2020	2021	2020
	£	£	£	£
Loans and borrowings held:				
Bank loans	9,250,293	8,971,890	100,473,917	109,196,926
Less: Unamortised finance cost	(284,471)	(284,471)	(3,426,897)	(3,711,368)
Loans from parent undertaking	22,552,715	30,998,282	-	-
Interest on loans from parent undertaking	86,504	1,319,762	-	-
	<u>31,605,041</u>	<u>41,005,463</u>	<u>97,047,020</u>	<u>105,485,558</u>

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Loans and borrowings

(Continued)

	Company Current 2021 £	2020 £	Company Non-current 2021 £	2020 £
Loans and borrowings held:				
Bank loans	9,250,293	8,971,890	100,473,917	109,196,926
Less: Unamortised finance cost	(284,471)	(284,471)	(3,426,897)	(3,711,368)
Loans from parent undertaking	22,552,715	30,998,282	-	-
Interest on loans from parent undertaking	86,504	1,319,762	-	-
	<u>31,605,041</u>	<u>41,005,463</u>	<u>97,047,020</u>	<u>105,485,558</u>

Bank loan

The bank debt is secured by way of a fixed charge over all the property and undertaking of the company. It is denominated in Pounds Sterling and bears interest at 1.7% per annum over LIBOR and repayable on a quarterly basis until paid in full on the termination date of 15 April 2034.

During the year the company recognised interest on bank loans of £2,657,817 (2020: £1,959,183) in the Statement of Comprehensive Income of which £284,471 (2020: £175,359) is related to amortisation of finance cost.

During the year, the company made payments totalling £2,392,120 (2020: £1,177,333) related to interest payable and a total of £8,365,397 (2020: £4,358,407) as repayment of bank debt.

Loan from parent

The loan due to parent undertaking is interest bearing at 7% per annum with no fixed terms of repayment and is payable on demand. The loan is held by OSW Co Holdings 3 Limited. The loan is accounted for at fair value through profit or loss to avoid an accounting mismatch with the loan receivable as permitted by IFRS 9. As the interest rate of the loan is at fair value, there are no changes to the loan value and no fair value changes have been recorded in profit or loss.

During the year, the company recognised finance costs of £1,921,174 (2020: £4,910,797) in the Statement of Comprehensive Income.

During the year, the company made payments of £3,154,433 (2020: £20,688,649) related to interest payable and a total of £8,445,567 (2020: £96,647,402) as repayment of intercompany loan.

15 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Derivative financial instruments

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. Further information about the derivatives used by the group is provided below.

Exposure arises from the variability in future interest cash flows on liabilities which bear interest at variable rates. Interest rate swaps are maintained, and designated as cash flow hedges, where they qualify, to manage this exposure. Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in OCI and any ineffective portion is recognised directly in the cash flow hedge reserve, as gains or losses recognised immediately in profit or loss. Amounts are transferred from equity and recognised in profit or loss as the income or expense is recognised on the hedged item. The derivative financial instrument is classified as level 2 on the fair value measurement hierarchy.

Fair value measurement

The present value of the future estimated cash flows are based on observable yield curves, which is level 2 on the fair value measurement hierarchy.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swap that has similar critical terms as the hedged item such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loan, so the hedged item is identified as a proportion of the outstanding loan up to the notional amount of the swap. Since all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It might occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
and
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during 2021 in relation to the interest rate swap.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Measured at amortised cost				
- Trade and other receivables	29,490	28,966	29,391	28,867
Measured at fair value through profit or loss				
- Amounts owed by subsidiary undertakings	-	-	124,930,712	139,593,068
Carrying amount of financial liabilities				
Measured at fair value through OCI				
- Derivative financial instruments	(3,495)	(1,505,873)	(3,495)	(1,505,873)
Measured at fair value through profit or loss				
- Loans and borrowings	(22,639,219)	(32,318,044)	(22,639,219)	(32,318,044)
Measured at amortised cost				
- Trade and other payables	(655,367)	(530,236)	(494,785)	(414,457)
- Loans and borrowings	(106,012,842)	(114,172,977)	(106,012,842)	(114,172,977)

The Group and the Company are exposed through their operations to the following risks:

- Liquidity risk
- Credit risk
- Interest rate risk

The Group and the Company are exposed to risks that arise from its use of financial instruments. This and the following notes describe the Group's and the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes during the year in the Group's or the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods.

The group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's and the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to achieving the Group's and the Company's objectives.

The group's senior management oversees the management of these risks. Management reviews and agrees policies for managing each of these risks, which are summarised in the following notes.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

18 Liquidity risk

Liquidity risk is defined as the risk the Group or the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group or Company could be required to pay its liabilities earlier than expected. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group and Company use short term finance through intercompany borrowing.

The Group's and Company's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

The directors monitor the rolling forecasts of the Group's and Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The following table details the remaining contractual maturity for the Group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 year	Between 1 and 5 years	More than 5 years	No fixed repayment date	Total
	£	£	£	£	£
At 31 March 2020					
Trade and other payables	88,373	-	-	-	88,373
Amounts due from fellow group undertakings	-	-	-	250,550	250,550
Loans from parent companies	-	-	-	32,318,044	32,318,044
Bank loans	8,971,890	41,170,811	68,026,115	-	118,168,816
Derivative financial instruments	-	-	1,505,873	-	1,505,873
	<u>9,060,263</u>	<u>41,170,811</u>	<u>69,531,988</u>	<u>32,568,594</u>	<u>152,331,656</u>
At 31 March 2021					
Trade and other payables	138,179	-	-	-	138,179
Amounts due from fellow group undertakings	-	-	-	250,550	250,550
Loans from parent companies	-	-	-	22,639,219	22,639,219
Bank loans	9,250,293	38,669,974	61,803,943	-	109,724,210
Derivative financial instruments	-	-	3,495	-	3,495
	<u>9,388,472</u>	<u>38,669,974</u>	<u>61,807,438</u>	<u>22,889,769</u>	<u>132,755,653</u>

From the current performance of the Group and the Company, there is no indication for the next 12 months that the Group nor the Company will face any significant liquidity risk. Also, refer to note 1.3 for going concern assessment.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

Neither the Group nor the Company hold any collateral or other credit enhancements to cover this credit risk.

20 Market risk

Market risk management

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and future cash flows. The Group and the Company hold instruments with both a fixed interest rate and a variable component, the latter depending on the income derived from specific underlying assets that expose the Group and the Company to fair value interest rate risk. The Group and Company also hold a limited amount of cash and cash equivalents that expose the Group and Company to cash flow interest rate risk.

Interest rate risk is the risk of loss through unhedged or mismatched asset and liability positions sensitive to changes in interest rate.

Interest on debt and in debt securities with fixed interest rates are not considered exposed to market interest rate fluctuation.

Cash and cash equivalents are at floating interest rates which are not significant.

The Group and Company are exposed to changing interest rates as interest on its borrowings from the bank is based on a fixed-margin over LIBOR. However, the Group and Company have eliminated this risk by entering into interest rate swap agreements with similar characteristics to hedge the related risk. The Group and the Company do not have a transaction exposure to changing interest rates on its borrowings from shareholders and loan to associates as interest is charged at a fixed rate of 7%.

The Group and Company have closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA) regarding the transition away from GBP LIBOR to the Sterling Overnight Index Average Rate (SONIA). The FCA has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR.

In response to the announcements, the Group and Company are identifying where IBOR exposures are within the business and will prepare for the change and liaise with its counterparties to enable the smooth transition to alternative benchmark rates. The Group and Company aim to have its transition plan in place by the transition date of 1 January 2022.

The Group and Company will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms that the Group and Company are exposed ends. The Group and Company have assumed that this uncertainty will not end until the Group and Company's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the alternative benchmark rate and the relevant spread adjustment. This will, in part, be dependent on the introduction of fall-back clauses which have yet to be added to the Group's and Company's contracts and the negotiation with lenders.

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20 Market risk

(Continued)

Sensitivity analysis

The Group and Company are exposed to interest rate risk through its issued debt instruments. However, the Group and Company have matched the principal amount of the interest-bearing liability with the notional amount of the swaps and all terms between the interest bearing financial instrument and the swaps are replicated in each other or do not cause any ineffectiveness. Thus, any change in market interest rate would not have an impact on the Group's nor the Company's Statement of Comprehensive Income.

21 Capital risk management

The capital of the group is represented by the equity. The group's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the group.

In accordance with the group's investment policy, the group's principal use of cash has been to fund further equity investments, repayment of external borrowings and shareholder loan. The directors monitor and review the broad structure of the group's capital on an ongoing basis.

The group is not subject to any externally imposed capital requirements.

22 Called up share capital

	Group/ Company 2021 Number	Group/ Company 2020 Number	Group/ Company 2021 £	Group/ Company 2020 £
Ordinary share capital				
Authorised				
Ordinary of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Issued and not fully paid				
Ordinary of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Group and Company have only issued ordinary shares as at the reporting date.

There is no share premium in the Group or Company at the reporting date.

No share capital was issued in the year (2020: nil).

23 Hedging reserve

	2021 £	2020 £
At the beginning of the year	(1,505,873)	-
Gains/(losses) on cash flow hedges	1,502,378	(1,505,873)
	<u> </u>	<u> </u>
At the end of the year	(3,495)	(1,505,873)
	<u> </u>	<u> </u>

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

23 Hedging reserve

(Continued)

The group's hedging reserves is disclosed in "hedging reserve" in the Consolidated Statement of Financial Position and relates to interest rate swaps.

There were no reclassifications from the cash flow hedge reserve to profit or loss during the year.

24 Related party transactions

As disclosed in note 11 to these financial statements, the Group has investments in associates at year end. The investments are considered related parties. During the year, the Group received £16,924,620 (2020: £13,632,097) from Macquarie GIG Renewable Energy Fund 1 L.P. ("Fund A") and £5,199,080 (2020: £4,187,681) from Macquarie GIG Renewable Energy Fund 1 B L.P. ("Fund B").

At the year end, the group and the company owed the amount of £22,639,219 (2020: £32,318,044) which included interest of £86,504 (2020: £1,319,762) to the shareholder, OSW Co Holdings 3. The group and the company also owed the parent OSW Co Holdings 3 an amount of £250,550 (2020: £250,550) relating to unpaid initial investment.

OSW Co 3 Holdings Limited owed the Group and the Company an amount of £100 (2020: £100) related to the initial share capital of OSW Co Investments Limited, as disclosed in note 12.

At the year end, an amount of £99 (2020: £99) was owed to the Group from OSW Co Holdings 2 Limited as also disclosed in note 12 related to the initial share capital in OSW LP Holdco Limited, while the Group owed the amount of £266,638 (2020: £191,313) to OSW Co 2 Holdings Limited related to invoices paid on behalf of the group.

Further to the above, the Company was owed an amount of £124,930,712 (2020: £139,593,068) from its subsidiary which included interest of £33,216,963 (2020: £25,893,584). The Company owed an amount of £135,524 (2020: £105,410) to OSW Co 2 Holdings Limited related to invoices paid on behalf of the Company.

25 Controlling party

As at 31 March 2021, the group's immediate parent undertaking was OSW Co Holdings 3 Limited and its ultimate parent and ultimate controlling party was UK Green Investment Rampion Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is UK Green Investment Rampion Limited.

Copies of the financial statements of both the immediate parent undertaking and the ultimate parent company are available from Companies House (www.beta.companieshouse.gov.uk).

OSW CO INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

26 Cash used in operations - Group

	2021 £	2020 £
Profit/(loss) for the year after tax	7,091,617	(11,235,928)
Adjustments for:		
Share of (profit)/loss of associate	(12,185,894)	4,221,052
Finance costs	4,903,375	6,869,981
Movements in working capital:		
Increase in trade and other receivables	(524)	(28,767)
Increase in trade and other payables	86,707	61,163
Cash used in operations	<u>(104,719)</u>	<u>(112,499)</u>

27 Cash used in operations - Company

	2021 £	2020 £
Profit for the year after tax	2,411,870	1,875,243
Adjustments for:		
Finance costs	4,903,375	3,278,946
Investment income	(7,461,343)	(5,255,381)
Movements in working capital:		
Increase in trade and other receivables	(524)	(28,767)
Increase in trade and other payables	41,903	58,497
Cash used in operations	<u>(104,719)</u>	<u>(71,462)</u>