



BLUE TRANSMISSION

Blue Transmission Walney 2 (Holdings) Limited

Annual Report and Financial Statements 2021/22

Registered in England and Wales. Company number: 07795885



Blue Transmission Walney 2 (Holdings) Limited

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For the year ended 31 March 2022

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Blue Transmission Walney 2 (Holdings) Limited

Company Information

For the year ended 31 March 2022

The board of Directors	Matthew Edwards Graham Farley Matthew Pitts Gary Thornton
Company secretary	Infrastructure Managers Limited
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX

Blue Transmission Walney 2 (Holdings) Limited

Strategic Report

For the year ended 31 March 2022

The Directors present the Strategic Report of the Company for the year ended 31 March 2022.

Principal Objective

The principal objective of the Company is that of a holding company.

The Company holds 100% of the ordinary shares of Blue Transmission Walney 2 Limited ("BTW2"), its sole subsidiary undertaking. In addition, it holds an investment in unsecured loan notes issued by BTW2.

Review of the Business

The Company's only source of income relates to amounts received from its subsidiary undertaking, BTW2 which are described further under "Returns from Subsidiary Undertaking" in the Directors' Report.

The Company's sole expense comprises the interest expense on the loan notes it has issued to Blue Transmission Investments Limited.

Future Developments

The Directors intend for the business to continue to operate as it has done so in prior periods and do not expect any strategic changes.

Key Performance Indicators

Key performance indicators are considered inappropriate for this Company. The performance of the Company's sole subsidiary BTW2 is assessed on a quarterly basis. The key indicator being that cash inflows available for debt service are sufficient to allow for the servicing of the Company's unsecured loan notes held by its parent undertaking. The subsidiary has been performing well and in addition has been compliant with the covenants laid out in its secured loan agreements.

Principal Risks and Uncertainties

The principal financial risks and uncertainties of the Company arise from the performance of its subsidiary undertaking, BTW2. The Company can only service its loan obligations and pay ordinary dividends to its parent undertaking if BTW2 continues to service its loan obligations and pay ordinary dividends to the Company.

Approved on behalf of the Board



Gary Thornton
Director
05 July 2022

Blue Transmission Walney 2 (Holdings) Limited

Directors' Report

For the year ended 31 March 2022

Country of Registration and Principal Activity

The Company is registered in England and Wales and its principal activity is as a holding company.

The principal activity of BTW2, the Company's sole subsidiary undertaking, is to provide an electricity transmission service to the electricity system operator for Great Britain. BTW2 owns and operates a transmission system that electrically connects an offshore wind farm generator to the onshore distribution system operated by Electricity North West ("ENW").

The Company's Financial Position

The profit attributable to equity shareholders for the year amounted to £2,015k (2021: £1,350k).

The Company's income for the year ended 31 March 2022 relates to the interest that was recognised in the Income Statement in respect of the loan notes held in BTW2 and returns from the equity investment in BTW2.

The Company's sole expense comprises the interest expense on the loan notes it has issued to Blue Transmission Walney 2 Investments Limited ("BTW2I") – see "Parent undertaking" below.

During the year, multiple interim ordinary dividends amounting to £2,015k (2021: £1,350k) were distributed. Particulars of the interim ordinary dividend distributions in the year are shown in note 4 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed within Company Information on page 1.

Qualifying Third Party Indemnity Provisions

Third-party indemnity provisions for the benefit of its Directors have been in place throughout the year and were in force at the reporting date. During the year ended 31 March 2021 and 31 March 2022 these indemnity provisions were provided for the benefit of its Directors in part by the Company and in part by other related parties. Following the renewal of the Company's insurance arrangements during the year ended 31 March 2022 these indemnity provisions were provided for by other related parties for which a fee was not charged to the Company.

Parent Undertaking

The Company is a wholly owned subsidiary undertaking of BTW2I which is incorporated in Jersey. The ultimate parent undertaking is Blue Transmission Investments Limited (BTI). BTI is also incorporated in Jersey.

The Company has issued unsecured loan notes to BTW2I in amounts and on terms that are identical to those unsecured loan notes issued to the Company by BTW2. Similarly, the movements on the loan notes issued to BTW2I are identical to those issued by BTW2. A description of the unsecured loan notes issued by BTW2 are described below under "Returns from Subsidiary Undertaking".

Blue Transmission Walney 2 (Holdings) Limited

Directors' Report (continued)

For the year ended 31 March 2022

Returns from Subsidiary Undertaking

On 3 October 2012, BTW2 Limited issued £17,325k unsecured 9.9% Loan Notes 2032 to the Company. During the year ended 31 March 2022, the Company recognised income of £1,728k (2021: £1,728k) in the Income Statement in relation to the unsecured Loan Notes 2032 from, BTW2, its immediate subsidiary undertaking. The principal amount outstanding at 31 March 2022 was £17,458k (2021: £17,458k) and is included within "Investments in Subsidiary Undertaking" in the balance sheet. The Company recognised interim ordinary dividends received amounting to £2,015k (2021: £1,350k) during the year.

Donations and Research and Development

No charitable or political donations were made during the year (2021: £nil) and expenditure on research and development activities was £nil (2021: £nil).

Financial Instruments

With the exception of the Company's equity and loan investment in BTW2, the loan liability to its parent undertaking and any interest due to its parent undertaking, or due from BTW2, the Company has no other financial instruments.

Going Concern

Having made enquiries, the Directors consider that the Company has adequate resources to continue in business for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company.

Future Developments

The Directors expect the Company to continue its activities as a holding company for the foreseeable future.

Employee Involvement

The Company does not have any employees and does not expect to engage any employees in the foreseeable future.

Cash Flow Statement

No cash flow statement is presented for the year ended 31 March 2022 (2021: none), as no cash flows have been paid or received by the Company.

Blue Transmission Walney 2 (Holdings) Limited

Directors' Report (continued)

For the year ended 31 March 2022

Disclosure of Information to the Auditor

Each of the persons who is a Director at the date of approval of this Directors' Report confirms that:

So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

Each Director has 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved on behalf of the Board



Gary Thornton
Director
05 July 2022

Blue Transmission Walney 2 (Holdings) Limited
Cannon Place
78 Cannon Street
London
EC4N 6AF

Blue Transmission Walney 2 (Holdings) Limited

Statement of Directors' Responsibilities

For the year ended 31 March 2022

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 these financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

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

Directors' confirmations

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names are listed in the Directors Report and are in office as at the date of this report confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the and Company, together with a description of the principal risks and uncertainties that it faces.

Approved on behalf of the Board



Gary Thornton
Director
05 July 2022

Independent Auditors' Report to the members of Blue Transmission Walney 2 (Holdings) Limited

For the year ended 31 March 2022

Report on the audit of the financial statements

Opinion

In our opinion, Blue Transmission Walney 2 (Holdings) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit 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 balance sheet as at 31 March 2022; the income statement and the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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.

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.

Independent Auditors' Report to the members of Blue Transmission Walney 2 (Holdings) Limited (continued)

For the year ended 31 March 2022

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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of 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.

Independent Auditors' Report to the members of Blue Transmission Walney 2 (Holdings) Limited (continued)

For the year ended 31 March 2022

Responsibilities for the financial statements and the audit (continued)

Responsibilities of the Directors for the financial statements (continued)

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 the Companies Act 2006 and UK tax legislation, 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 and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- understanding of management's designed controls to prevent and deter irregularities;
- review of board minutes;
- challenging management on assumptions and judgements made in their significant accounting estimates; and
- identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting distributable reserves.

Independent Auditors' Report to the members of Blue Transmission Walney 2 (Holdings) Limited (continued)

For the year ended 31 March 2022

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for 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.



Paul J Cheshire (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

05 July 2022

Blue Transmission Walney 2 (Holdings) Limited

Accounting policies

For the year ended 31 March 2022

A. Basis of preparation of these financial statements

These financial statements have been prepared on a going concern basis (see “Directors’ Report - Going concern” on page 4 which sets out the Company’s basis for applying the going concern basis to the preparation of these financial statements) and in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006. IAS in conformity with the requirements of the Companies Act 2006 (“UK-adopted IAS”) comprises: European Union adopted international accounting standards at 31 December 2020; international accounting standards adopted by the Secretary of State for the Department of Business, Energy and Industrial Strategy (BEIS) between 1 January 2021 and 21 May 2021; and international accounting standards adopted by the UK Endorsement Board after delegation of adoption powers with effect from 22 May 2021.

These financial statements have been prepared for the first time in accordance with UK-adopted IAS which constitutes a change in the accounting framework adopted by the Company as compared with previous years. However, there has been no impact on these financial statements arising from this change in accounting framework in the recognition, measurement or disclosure of any amounts included in these financial statements. As a consequence, the Company continues to apply consistent accounting policies updated, where necessary, to ensure that the accounting policies adopted reflect UK-adopted IAS as is mandatory for the year ended 31 March 2022.

The financial statements have been prepared on an historical cost basis except for the revaluation of derivative financial instruments. The financial statements are presented in pounds sterling, which is the functional currency of the Company and are rounded to the nearest £1,000.

The preparation of financial statements in accordance with UK-adopted IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

B. Investments in Subsidiary Undertaking

The investments in Subsidiary Undertaking comprise the Company’s investments in the ordinary shares and loan receivables due from its subsidiary undertaking. These investments are financial instruments and are classified as ‘Investments in Subsidiary Undertaking’.

The loan receivable is recognised at amortised cost, using the effective interest rate method, less any appropriate allowances for estimated irrecoverable amounts.

The Company investment in the ordinary shares of its subsidiary undertaking is measured at the lower of their amortised cost and fair value less costs to sell.

Following the implementation IFRS 9, the Company recognises impairment by calculating the expected credit losses (where applicable) using one of the following two approaches:

- for assets where the credit risk has not significantly changed since initial recognition, a credit loss allowance is calculated by assessing the credit risk for the next twelve months; and
- for assets where the credit risk has significantly changed since initial recognition, a credit loss allowance is calculated by assessing the lifetime credit risk.

Credit risk allowances are recognised directly in the income statement.

Blue Transmission Walney 2 (Holdings) Limited

Accounting policies (continued)

For the year ended 31 March 2022

C. Borrowing

Borrowing, which comprises loan notes issued to the Company's parent undertaking, is initially recorded at the net proceeds received. Subsequently the borrowing is stated at amortised cost, using the effective interest rate method.

D. Interest income and expense

Interest income receivable and interest expense payable are recognised in the balance sheet and income statement in accordance with the terms of the contractual arrangements.

E. Income taxation

Income taxation comprises current and deferred taxation. Income taxation is recognised where a taxation asset or liability arises that is permitted to be recognised under generally accepted accounting principles. All identifiable taxation assets or liabilities are recognised in the income statement except to the extent that the taxation arising relates to other items recognised directly in equity, in which case such taxation assets or liabilities are recognised in equity.

F. Critical accounting judgements, key assumptions and sources of estimation uncertainty

The preparation of financial statements requires management to make accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Assumptions and estimates are reviewed on an on-going basis and any revisions to them are recognised in the period the revision occurs. The following describes the critical accounting policy adopted by the Company together with information about the key judgements, estimations and assumptions that have been applied.

Investments in Subsidiary Undertaking

The carrying value of the investments in Subsidiary Undertaking at 31 March 2022 are recorded in the Company's balance sheet at amortised cost less any expected credit loss. The Company has to determine whether there is an expected credit loss by considering the probability of default. If the investments in Subsidiary Undertaking are considered low credit risk at the reporting date, IFRS 9 allows a 12-month expected credit loss to be recognised. However, if not low risk, then a lifetime expected credit loss is recognised. The expected credit loss is derived using an external rating of the subsidiary and applying a default rate published by an external ratings agency.

Blue Transmission Walney 2 (Holdings) Limited

Accounting policies (continued)

For the year ended 31 March 2022

G. Accounting developments

i) Accounting standards as applied to these financial statements

In preparing these financial statements the Company has complied with IFRS applicable either for accounting periods starting by 01 April 2021 or ending by 31 March 2022. No new accounting standards, amendments to standards or interpretations that have been issued and are applicable to these financial statements for the first time have had any significant effect on the measurement of assets and/or liabilities or any of the disclosures included herein.

ii) New accounting standards, amendments to standards and interpretations issued but not effective in these financial statements

New accounting standards, amendments to standards and interpretations which have been issued but which are not effective in these financial statements are not expected to have any material impact on the financial statements of the Company.

H. Cash flow statement

No cash flow statement is presented for the year ended 31 March 2022 (2021: none), as no cash flows have been paid or received by the Company.

Blue Transmission Walney 2 (Holdings) Limited

Income statement

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Income from shares in group undertaking		2,015	1,350
Interest income	2	1,728	1,728
Interest expense	2	(1,728)	(1,728)
Profit before taxation		2,015	1,350
Taxation on profit	3	-	-
Profit attributable to equity shareholders		2,015	1,350

The notes on pages 17 to 20 form part of these financial statements.

The results reported above relate to continuing operations.

The Company has no recognised gains and losses other than those included in the profit above (2021: £nil) and therefore no separate statement of comprehensive income has been presented.

Blue Transmission Walney 2 (Holdings) Limited

Balance sheet

As at 31 March 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments in Subsidiary Undertaking	5	<u>17,633</u>	<u>17,633</u>
Total non-current assets		<u>17,633</u>	<u>17,633</u>
Current assets			
Amounts owed by Subsidiary Undertaking		<u>426</u>	<u>426</u>
Total current assets		<u>426</u>	<u>426</u>
Total assets		<u>18,059</u>	<u>18,059</u>
Current liabilities			
Amounts owed to parent undertaking		<u>(426)</u>	<u>(426)</u>
Total current liabilities		<u>(426)</u>	<u>(426)</u>
Non-current liabilities			
Borrowing	6	<u>(17,458)</u>	<u>(17,458)</u>
Total non-current liabilities		<u>(17,458)</u>	<u>(17,458)</u>
Total liabilities		<u>(17,884)</u>	<u>(17,884)</u>
Net assets		<u>175</u>	<u>175</u>
Equity			
Called up share capital	7	175	175
Retained earnings	9	-	-
Total shareholders' equity		<u>175</u>	<u>175</u>

Company number: 07795885

The financial statements set out on pages 11 to 20 were approved by the Board of Directors on 05 July 2022 and were signed on its behalf by:

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Gary Thornton
Director

Blue Transmission Walney 2 (Holdings) Limited

Statement of changes in equity

For the year ended 31 March 2022

	Note	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 01 April 2020		175	-	175
Profit attributable to equity shareholders		-	1,350	1,350
Interim ordinary dividend distributions	4	-	(1,350)	(1,350)
At 31 March 2021		<u>175</u>	<u>-</u>	<u>175</u>
Profit attributable to equity shareholders		-	2,015	2,015
Interim ordinary dividend distributions	4	-	(2,015)	(2,015)
At 31 March 2022		<u>175</u>	<u>-</u>	<u>175</u>

Blue Transmission Walney 2 (Holdings) Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Profit attributable to equity shareholders

Auditors' remuneration is borne by the subsidiary undertaking.

The Directors did not receive any remuneration from the Company during the year (2021: £nil).

There were no employees in the year (2021: none).

2. Net interest expense

Net interest expense is as tabulated below:

	2022 £'000	2021 £'000
Interest income		
Interest on loan notes held in Subsidiary Undertaking	<u>1,728</u>	<u>1,728</u>
	1,728	1,728
Interest expense		
Interest on loan notes due to parent undertaking	<u>(1,728)</u>	<u>(1,728)</u>
	(1,728)	(1,728)
Net interest expense	<u>-</u>	<u>-</u>

3. Taxation on profit

The taxation charge differs from (2021: differs from) the main rate of corporation tax in the UK of 19% (2021: 19%) for the reasons outlined below:

	2022 £'000	2021 £'000
Profit before taxation	<u>2,015</u>	<u>1,350</u>
Taxation at 19% (2021: 19%) on profit before taxation	383	257
Effects of:		
- income not chargeable for tax purposes	<u>(383)</u>	<u>(257)</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

Blue Transmission Walney 2 (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

4. Ordinary dividends

Interim ordinary dividends were approved by the Board and distributed during the year as follows:

	2022 £'000	2021 £'000
Interim ordinary dividends	<u>2,015</u>	<u>1,350</u>

Interim ordinary dividends of 1,151.58p (2021: 771.53p) per ordinary share were distributed during the year to the Company's immediate parent undertaking BTW2I.

On 26 May 2022, the Board approved the distribution of an interim ordinary dividend of 414.34p per ordinary share amounting to £725k. This interim ordinary dividend is not recognised in the financial statements for the year ended 31 March 2022 in accordance with IFRS.

5. Investments in subsidiary undertaking

	2022 £'000	2021 £'000
Cost at 01 April and 31 March	<u>17,633</u>	<u>17,633</u>

Investments held at 31 March 2022 comprise: £175k (2021: £175k) in all of the ordinary share capital of BTW2; and £17,458k (2021: £17,458k) in respect of unsecured 9.9% Loan Notes 2032.

The principal activity of BTW2 is to provide an electricity transmission service to the electricity system operator of Great Britain.

The results of BTW2 for the year ended 31 March 2022 and the capital & reserves at 31 March 2022 were as follows:

	2022 £'000	2021 £'000
Profit attributable to equity shareholders for the year	563	3,162
Capital and Reserves	(5,919)	602

The registered office of BTW2 is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

Blue Transmission Walney 2 (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

6. Borrowing

The following table analyses the Company's borrowing:

	2022 £'000	2021 £'000
Non-current		
Amount owed to parent undertaking	<u>17,458</u>	<u>17,458</u>

The amount owed to parent undertaking is unsecured and carries a fixed coupon of 9.9% per annum. This loan is contractually repayable on 31 October 2032.

The borrowing is carried at amortised cost.

There have been no instances of default or other breaches of the terms of the loan agreement during the year in respect of the loan outstanding at 31 March 2022 (2021: None).

7. Called up share capital

Share capital is as analysed below.

	No. (thousands)	£'000
Allotted, called up and fully paid		
At 01 April 2020, 31 March 2021 and 31 March 2022	<u>175</u>	<u>175</u>

The Company has one class of ordinary share with a nominal value of £1 each which carries no right to fixed income. The holders of ordinary shares are entitled to receive ordinary dividends as declared and are entitled to one vote per share at meetings of the Company.

8. Related party transactions

A summary of funding transactions with the immediate parent undertaking (BTW2I) is shown below:

	2022 £'000	2021 £'000
Borrowing from immediate parent undertaking (principal)		
At 01 April and 31 March	<u>17,458</u>	<u>17,458</u>

The borrowing from the immediate parent undertaking was negotiated on normal commercial terms and is repayable in accordance with the terms of the unsecured 9.9% loan notes 2032.

Amounts due from BTW2 and owed to BTW2I in respect of accrued interest as at 31 March 2022 amounted to £426k (2021: £426k).

Blue Transmission Walney 2 (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

8. Related party transactions (continued)

During the year, the Company recognised interest income from BTW2 of £1,728k (2021: £1,728k) and an interest expense on the loan with BTW2I of £1,728k (2021: £1,728k). The Company recognised interim ordinary dividends received from BTW2 of £2,015k (2021: £1,350k) and recognised interim ordinary dividend distributions of £2,015k (2021: £1,350k) to BTW2I.

No amounts have been provided at 31 March 2022 (2021: £nil), and no expense was recognised during the year (2021: £nil) in respect of bad or doubtful debts for any related party transactions.

9. Retained earnings

	2022 £'000	2021 £'000
At 01 April	-	-
Profit attributable to equity shareholders	2,015	1,350
Interim ordinary dividends	(2,015)	(1,350)
At 31 March	-	-

The Company recognised interim ordinary dividend distributions amounting to of £2,015k (2021: £1,350k) to its immediate parent BTW2I during the year.

10. Parent companies

Blue Transmission Walney 2 (Holdings) Limited's immediate parent company is Blue Transmission Walney 2 Investments Limited (incorporated in Jersey) and the Company's ultimate parent company is Blue Transmission Investments Limited (incorporated in Jersey). The Company is jointly controlled by Blue Transmission Investments Limited, Mitsubishi Corporation and 3I Group plc. Blue Transmission Investments Limited is the largest and smallest Group which consolidates the financial statements of Blue Transmission Walney 2 (Holdings) Limited. Blue Transmission Investments Limited Group financial statements are filed with Companies House as an appendix to the Annual Report and Financial Statements of Blue Transmission Walney 2 (Holdings) Limited. Copies of the Annual Report and Financial Statements of Blue Transmission Walney 2 (Holdings) Limited can be obtained from The Company Secretary, Blue Transmission Walney 2 (Holdings) Limited, c/o Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh EH2 1DF.