

GREATER GABBARD OFTO

Company Registration No. 08180794

Greater Gabbard OFTO Intermediate Limited

Annual Report and Financial Statements

For the year ended 31st March 2021



Greater Gabbard OFTO Intermediate Limited

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Greater Gabbard OFTO Intermediate Limited

Strategic Report

For the year ended 31 March 2021

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal Activities

Greater Gabbard OFTO Intermediate Limited is a private company limited by shares and a financing company whose sole purpose is the lending to Greater Gabbard OFTO Plc by means of secured subordinated loan stock. The Company and Greater Gabbard OFTO Plc are wholly-owned subsidiaries of Greater Gabbard OFTO Holdings Limited which together form the Greater Gabbard OFTO Group ("Greater Gabbard Group").

On 26 November 2013 Greater Gabbard OFTO Plc was granted an Offshore Electricity Transmission Licence ("the Licence") under the Electricity Act 1989 by the Gas and Electricity Markets Authority ("Ofgem"). Its principal activities are to provide an electricity transmission service to National Grid Electricity Transmission Plc ("NGET") - the electricity transmission system operator for Great Britain. It owns and operates a transmission system for a period of 20 years that electrically connects an offshore wind farm generator off the Coast of Suffolk to the onshore transmission system operated by NGET.

The secured loan stock was issued by the Company to the shareholders of Greater Gabbard OFTO Holdings Limited in equal amounts on the 27 November 2013. The proceeds received were, on identical terms and conditions invested in secured subordinated loan stock issued by Greater Gabbard OFTO Plc, also on the 27 November 2013.

The audited financial statements for the year ended 31 March 2021 are set out on pages 9 to 17.

Future development of the Business

No change in the Greater Gabbard Group's activities is anticipated.

The Directors do not anticipate any adverse incidents or disruption to the availability of the offshore transmission system, operations or finances as a result of the Covid-19 pandemic.

Principal Risks and Uncertainties

The Greater Gabbard Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the requirements of the Licence and other contracts and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to enable the business to improve performance and fulfil its contractual obligations.

Financial Risk Management

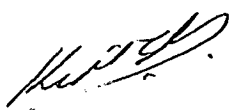
The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's Statement of Financial Position, the only financial risk that the Directors consider relevant to the Company is liquidity risk.

The liquidity risk is mitigated by the Company having arranged subordinated debt funding to cover its obligations for the financing of Greater Gabbard OFTO Plc.

Contractual relationships

The Company's fellow subsidiary Greater Gabbard OFTO Plc operates within a contractual relationship with its primary customer, NGET, acting as an agent on behalf of Ofgem. A significant impairment of these relationships could have a direct and detrimental effect on Greater Gabbard OFTO Plc's results and could ultimately result in termination of the concession. To manage this risk Greater Gabbard OFTO Plc has regular meetings with NGET including discussions on performance, project progress, future plans and customer requirements.

This report was approved by the Board on 30 July 2021 and signed by order of the Board by:



K Shah

Company Secretary

Greater Gabbard OFTO Intermediate Limited

Directors' Report

For the year ended 31 March 2021

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

The following information has been disclosed in the strategic report:

- Financial Risk Management and
- Indication of likely future developments in the business.

Results and Dividends

The audited financial statements for the year ended 31 March 2021 are set out on pages 9 to 17. The Company's result after taxation amounted to £nil (2020: £nil). The Company has no distributable reserves and therefore the Directors do not propose to pay a dividend in respect of the year ended 31 March 2021 (2020: £nil). There were no undisclosed dividends proposed between the year end and the date of the approval of the financial statements. The Directors expect the Company to continue its operations for the foreseeable future.

Going Concern

The assessment of going concern is linked to that of the Greater Gabbard Group, as its ability is dependent upon the financial performance of Greater Gabbard OFTO Plc.

The Greater Gabbard Group has substantial financial resources to cover its obligations to NGET, having arranged senior debt facilities and subordinated debt funding having been received from its shareholders at the start of the contract.

Through to the date of this report, there have been no adverse incidents or disruption to the availability of the offshore transmission system, our operations or finances as a result of the Covid-19 pandemic. Income has been received on a monthly basis with no issues. A risk-based approach has been taken to scheduled work such that statutory inspections and essential works have been undertaken however non-essential maintenance has been deferred until a later date.

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.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 of the statement of accounting policies in the financial statements.

Share Capital

The issued share capital of the Company at 31 March 2021 was £1 (2020: £1) consisting of 1 (2020: 1) ordinary share of £1.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Rebecca Collins
Richard Daniel Knight
Nathan John Wakefield (resigned on 7 October 2020)
Ben Burgess (appointed 8 July 2020)
Paul Ellis Gill

No Director had any interests in the issued share capital of the Company or other Group companies at 31 March 2021.

Greater Gabbard OFTO Intermediate Limited

Directors' Report (Continued)

For the year ended 31 March 2021

Internal Controls and Corporate Governance

The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the Company and whilst they consider that the material risks are managed adequately, they have elected to appoint an Audit committee as part of its corporate governance. The responsibilities of the audit committee are mentioned in the Corporate Governance Statement on page 26.

There are no significant issues for the year ended 31 March 2021 that have required the Board to deal with any related material internal control issues.

The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the year and confirm that the system of internal controls that are currently in place are considered sufficient that all key risks to the business are adequately managed and mitigated.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Company Information

Greater Gabbard OFTO Intermediate Limited is incorporated and registered in England and Wales and domiciled in the United Kingdom.

Company Secretary and Registered Office

The Company Secretary is K Shah. The registered address, 3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD.

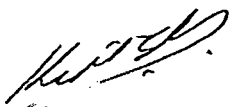
Statement of disclosure of information to Auditors

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

MHA MacIntyre Hudson has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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

This report was approved by the Board on 30 July 2021 and signed on order of the Board by:



K Shah

Company Secretary

Greater Gabbard OFTO Intermediate Limited

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

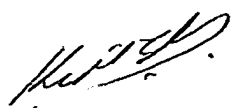
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

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 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 Company auditors are aware of that information.

By order of the Board



K Shah

Company Secretary

30 July 2021

Independent auditors' report to the members of Greater Gabbard OFTO Intermediate Limited

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Greater Gabbard OFTO Holdings Limited. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Greater Gabbard OFTO Intermediate Limited.

The financial statements that we have audited comprise:

- Company Statement of Financial Position as at 31 March 2021
- Company Income Statement for the year then ended.
- Company Statement of Changes In Equity for the year then ended.
- Company Statement of Cash Flows for the year then ended.
- Notes to the financial statements 1 to 13, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and the Company's result 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 International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union (IFRS as adopted by the EU); and
- have been prepared in accordance with the requirements of the Companies Act 2006 including those applicable to companies reporting under international accounting standards.

Our opinion is consistent with our reporting to the Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the company's operations and specifically its business model.
- The evaluation of how those risks might impact on the company's available financial resources.

- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of cash flow projections.
- Solvency considerations including examination of budgets and forecasts and their basis of preparation.
- Viability assessment including consideration of reserve levels and business plans.

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.

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 directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's 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 auditor's 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 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported.

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

Use of our report

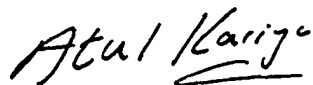
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters which we are required to address

Following the recommendation of the Directors, we were appointed auditor on 22 March 2021 to audit the financial statements for the year ending 31 March 2021. The period of total uninterrupted engagement is 1 years, covering the years ending 31 March 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee



Atul Kariya FCCA

(Senior Statutory Auditor)
for and on behalf of MHA MacIntyre
Hudson Statutory Auditor
London
30 July 2021

Greater Gabbard OFTO Intermediate Limited
Income Statement
For the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|---------------|---------------|
| Interest receivable and similar income | 4 | 5,453 | 5,186 |
| Interest payable and similar charges | 4 | (5,453) | (5,186) |
| Results on ordinary activities before taxation | | - | - |
| Taxation on results of ordinary activities | 5 | - | - |
| Results on ordinary activities after taxation | | - | - |

The accompanying notes form an integral part of these financial statements.

Continuing operations

All results are from continuing operations in the United Kingdom.

Statements of comprehensive income

There was no other comprehensive income for the current year and preceding year other than those stated in the income statement, consequently no statement of comprehensive income is presented.

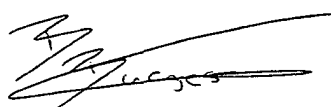
Statement of changes in equity
For the year ended 31 March 2021

| | Called up Share Capital £'000 | Retained Earnings £'000 | Total Equity £'000 |
|-------------------------|-------------------------------------|-------------------------------|-----------------------|
| At 1 April 2019 | - | - | - |
| Results for the year | - | - | - |
| At 31 March 2020 | - | - | - |
| Results for the year | - | - | - |
| At 31 March 2021 | - | - | - |

Greater Gabbard OFTO Intermediate Limited
Statement of Financial Position
As at 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 6 | 45,989 | 45,989 |
| Current assets | | | |
| Receivables: due within one year | 7 | 8,984 | 8,624 |
| Cash and cash equivalents | | - | - |
| Creditors: amounts falling due within one year | 8 | (8,984) | (8,624) |
| Net current assets | | - | - |
| Total assets less current liabilities | | 45,989 | 45,989 |
| Creditors: amounts falling due after one year | | | |
| Loan stock | 9 | (45,989) | (45,989) |
| Net assets | | - | - |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Retained Earnings | 11 | - | - |
| Total equity | 12 | - | - |

These financial statements on pages 9 to 17 for Greater Gabbard OFTO Intermediate Limited, Company registration number 08180794, were approved by the Board of Directors and were authorised for issue on 30 July 2021 and signed on its behalf by:



Ben Burgess

30 July 2021

Greater Gabbard OFTO Intermediate Limited
Cash flow statement
For the year ended 31 March 2021

| | 2021 £'000 | 2020 £'000 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Operating results for the year | - | - |
| Adjustments for: | | |
| Interest paid | (2,182) | (2,182) |
| Increase in debtors | (3,003) | (3,003) |
| Increase in creditors | 3,003 | 3,003 |
| | <u>(2,182)</u> | <u>(2,182)</u> |
| Net cash flow used in operating activities | (2,182) | (2,182) |
| <u>Cash flows from investing activities</u> | | |
| Interest received | 2,182 | 2,182 |
| Net cash flow generated from investing activities | 2,182 | 2,182 |
| | <u>-</u> | <u>-</u> |
| Net increase in cash and cash equivalents | - | - |
| Cash and cash equivalents at the start of the year | - | - |
| | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at the end of the year | - | - |

Greater Gabbard OFTO Intermediate Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. General information

Greater Gabbard OFTO Intermediate Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 5. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3.

These financial statements are presented in pounds sterling because that is the currency in which the Company operates.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared on a going concern basis in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and interpretations issued by the IFRS Interpretations Committee (IFRS IC). They are prepared on the basis of all IFRS accounting standards and interpretations that are mandatory for the year ended 31 March 2021, and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

Going concern

The Greater Gabbard Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 3 and the Directors' Report on pages 4 to 5.

The Directors have considered the ability of government authorities to continue to pay transmission revenue due to Greater Gabbard OFTO Plc and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the Licence.

Secured debt has been obtained and procured by Greater Gabbard OFTO Plc through a contract to finance the purchase and operation of the Licence. The Group's projections show that the project is expected to generate positive cash flows during the life of the concession.

After making enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

Since the balance sheet date, the outlook of the UK and Global economy has become increasingly uncertain due to the spread of the Covid-19 virus. The Board has proactively executed a plan to identify the potential key impact areas and put in place measures to address and manage those risks as necessary, while following all governmental requirements and guidelines. Through to the date of this report, there have been no adverse incidents or disruption to our operations or finances as a result of the Covid-19 pandemic and as such the Company is not anticipating any significant impact of Covid-19 on its business and operations.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Company's Directors have a reasonable expectation that the Company will be able to meet its obligations. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Greater Gabbard OFTO Intermediate Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

2. Significant accounting policies (continued)

Financial Instruments

Financial assets, liabilities, and equity instruments are classified according to the substance of the contractual arrangements entered into, and recognised on the trade date.

Trade and loan receivables, including time deposits and demand deposits, are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade or loan receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency, and default or significant failure of payment.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings, which include fixed interest-bearing debt, are recorded at their carrying value which reflects the proceeds received, net of direct issue costs.

Subsequently all borrowing are stated at amortised cost, using the effective interest rate method.

Taxation

The Company has made a result on ordinary activities before taxation of £nil (2020: £nil) during the year and consequently there is no charge to corporation tax (2020: £nil).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

Assumptions and estimates are reviewed on an ongoing basis and any revisions to the accounting estimates are recognized in the period the revision occurs. The following is a summary of the critical accounting policies adopted by the Company together with the information about the key judgements, estimations and assumptions that have been applied.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Greater Gabbard OFTO Intermediate Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

2. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Expected credit losses of receivable of loan stock in group companies

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortised Cost or FVOCI- the so-called 'expected credit losses' model.

Expected credit losses are calculated by: (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events.

Under the general approach, an entity calculates expected credit losses for long-term loans and receivables at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset.

The Company believes that the credit risk relating to its holding of loan stock in group companies to be materially unchanged over the next 12 months. Therefore, the expected credit loss was considered immaterial and no further provision was made to these financial statements.

Accounting developments

Accounting standards as applied to these financial statements

In preparing the financial statements the Company has complied with IFRS, International Accounting Standards (IAS) and interpretations applicable for 2020/2021.

The above new and amended standards do not have a material quantitative effect on the Company.

At the date of authorisation of the financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted.

Amendments to the following standards:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IAS 16 Property, Plant and Equipment
- IAS 37 Provisions, Contingent Liabilities and Contingent
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
- IAS 8 Definition of Accounting Estimates
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above standards and interpretations are either not relevant to the Company's current activities or are not expected to have any significant impact on the measurement of assets or liabilities or disclosures in the financial statements.

Greater Gabbard OFTO Intermediate Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Auditors' remuneration and remuneration of Directors and employees

Fees payable to MHA MacIntyre Hudson for the audit of the Company's annual financial statements were £500 (2020: £500) and were borne by Greater Gabbard OFTO Plc.

The Directors received no salary, fees or other benefits in the performance of their duties in the current or preceding year. Directors' fees of £nil (2020: £nil) were paid by the Company. The Company had no employees in the current or preceding year. All costs of the Directors and other staff are borne by the shareholders who second their employees to Greater Gabbard OFTO Plc.

The Company did not incur fees payable to MHA MacIntyre Hudson for non-audit services in the year (2020: £nil).

All salary, fees or other benefits of the Directors and other staff are borne by the shareholders who second their employees to the Group.

4. Finance income (net)

| | 2021 £'000 | 2020 £'000 |
|--|----------------|----------------|
| Interest receivable on secured subordinated loan stock | 5,453 | 5,186 |
| Interest payable on secured subordinated loan stock | <u>(5,453)</u> | <u>(5,186)</u> |
| | <u>-</u> | <u>-</u> |

5. Taxation of results on ordinary activities

Taxation on items included in the income statement

The taxation charge for the year is £nil (2020: £nil).

6. Investments

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Secured subordinated loan stock in fellow subsidiary undertaking | <u>45,989</u> | <u>45,989</u> |
| | <u>45,989</u> | <u>45,989</u> |

The loan stock bears interest at a rate of 10% and is repayable in instalments between 2032 and 2034.

Greater Gabbard OFTO Intermediate Limited
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For the year ended 31 March 2021

7. Receivables: due within one year

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Accrued interest on subordinated loan stock | <u>8,984</u> | <u>8,624</u> |
| | <u>8,984</u> | <u>8,624</u> |

8. Creditors: amounts falling due within one year

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Accrued interest on subordinated loan stock | <u>8,984</u> | <u>8,624</u> |
| | <u>8,984</u> | <u>8,624</u> |

9. Creditors: amounts falling due after one year

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Loan stock (repayable after more than five years) | <u>45,989</u> | <u>45,989</u> |
| | <u>45,989</u> | <u>45,989</u> |

The secured subordinated loan stock is issued by the Company to the shareholders in proportion to their equity share holdings in Greater Gabbard OFTO Holdings Limited. The loan stock bears interest at a rate of 10% and is repayable in instalments between 2032 and 2034.

10. Called Up Share Capital

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Authorised, called up and fully paid: 1 ordinary share of £1 (2020: 1 ordinary share) | <u>1</u> | <u>1</u> |

The called up share capital is allotted and fully paid.

The Company has one class of ordinary shares which carries no right to fixed income.

Greater Gabbard OFTO Intermediate Limited
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11. Ultimate parent Company and controlling party

The Company's immediate parent Company is Greater Gabbard OFTO Holdings Limited which is incorporated in the United Kingdom and registered in England and Wales. The Company's ultimate parent companies are Equitix Transmission 2 Limited (66.67%) and Equitix Infrastructure 4 Limited (33.33%). The Company has no controlling parties.

The only Group in which the results of Greater Gabbard OFTO Intermediate Limited are consolidated is Greater Gabbard OFTO Holdings Limited whose financial statements are available on the Company's website and from EMS, 3rd Floor (South Building), 200 Aldersgate Street, London, EC1A 4HD.

12. Related party transactions

Loans from Group companies:

| | Parent Company | | Loan stock | | Interest paid | | Interest Accrued | |
|--|----------------|--------|------------|--------|---------------|-------|------------------|-------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Equitix Capital Investors UK Cable Limited | 33.33% | 33.33% | 15,330 | 15,330 | 727 | 727 | 2,875 | 2,875 |
| Equitix Transmission 2 Limited | 66.67% | 66.67% | 30,659 | 30,659 | 1,455 | 1,455 | 5,749 | 5,749 |

Loans to Group companies:

| | Loan stock | | Interest Received | | Interest Accrued | |
|--------------------------|------------|--------|-------------------|-------|------------------|-------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Greater Gabbard OFTO plc | 45,989 | 45,989 | 2,182 | 2,182 | 8,984 | 8,624 |

13. Borrowings

| | 2021 | 2020 |
|--|----------------|----------------|
| | £'000 | £'000 |
| In one year or less | 22,834 | 21,538 |
| In more than one year, but not more than two years | 15,486 | 13,849 |
| In more than two years, but not more than three years | 15,242 | 15,486 |
| In more than three years, but not more than four years | 15,741 | 15,242 |
| In more than four years, but not more than five years | 16,952 | 15,741 |
| In more than five years other than by instalments | 203,232 | 220,184 |
| Less arrangement fees | (1,601) | (1,867) |
| | 287,886 | 300,173 |