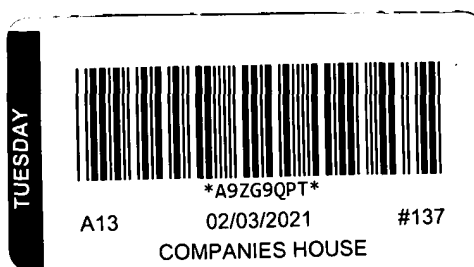


Registration number: 07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Doggerbank Offshore Wind Farm Project 1 Projco Limited

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Doggerbank Offshore Wind Farm Project 1 Projco Limited

Company Information

Directors

Halfdan Brustad

Paul Cooley

Barry O'Regan

Iwan Morgan

Anders Opaker

Oystein Michelsen

Registered office

No.1 Forbury Place

43 Forbury Road

Reading

United Kingdom

RG1 3JH

Auditors

EY LLP

G1 Building, 5 George Square

5 George Square

Glasgow

Glasgow

G2 1DY

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Strategic Report for the Year Ended 31 March 2020

The directors submit their report and audited financial statements of the company for the year ended 31 March 2020.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Doggerbank Offshore Wind Farm Project 1 Projco Limited.

The Strategic and Business Performance Overview sets out the main trends and factors underlying the development and performance of Doggerbank Offshore Wind Farm Project 1 Projco Limited (the "Company") during the year ended 31 March 2020, as well as those matters which are likely to affect its future development and performance.

Principal activities

The Company is engaged in the development, construction and future operation of a 1,200 MW offshore windfarm in the North Sea off the east coast of England.

Three projects, Dogger Bank A, Dogger Bank B and Dogger Bank C (formerly named Creyke Beck A, Creyke Beck B and Teeside A respectively) are being delivered by a two way 50:50 joint venture between SSE and Equinor, with Doggerbank Offshore Wind Farm Project 1 Projco Limited taking forward the 1,200MW Dogger Bank A project.

Fair review of the business

The Company is currently developing a 1,200MW windfarm.

In September 2019 the UK government announced that the project had been successful in winning Contracts for Difference (CfD) for its entire forecast output of 1,200MW, for delivery year 2023/24. During the year the Company has been successfully acquiring the necessary land rights and carrying out procurement activities in relation to its main contracts and developing the project's financing strategy. In January 2020 onshore construction works began, satisfying a critical consent condition to commence these works before 11 March 2020.

During 2020 the Company focus has been to conclude and finalise contract negotiations with its major contractors and to reach Financial Close. All remaining major contracts were signed during the year and Financial Close was achieved on 25 November 2020. Reaching Financial Close means that the Company has secured all of the senior debt and equity funding required to construct the project. All financing terms are fully agreed and the funds are committed.

Total capital expenditure on the Dogger Bank A project is forecast to be around £3bn, including offshore transmission capex of around £830m.

Dogger Bank A and B are being constructed at the same time to maximise the synergies resulting from their geographical proximity and make use of common technology and contractors. As such, the two phases are being financed concurrently with all lenders participating in each phase in equal proportions. Senior debt facilities for Dogger Bank A total c.£2.3bn plus ancillary facilities of around £350m.

By going through Financial Close the project will also satisfy its Milestone Requirement under its CfD Agreement. Achieving this milestone ensures the CfD remains valid and in place, allowing construction to continue.

Business performance overview

The income statement for the period ended 31 March 2020 is set out on page 10. The loss for the period for the Company was £3.6m (2019: £1.6m). The Statement of Financial position as at 31 March 2020 is set out on page 12 and indicates net liabilities for the Company £1.6m (2019: net assets £3.5m).

The directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the Company is performing.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Strategic Report for the Year Ended 31 March 2020 (continued)

£m		2020	2019
Financial			
Intangible assets	Intangible assets	109.9	42.4
Net (Liabilities)/assets	Net (Liabilities)/assets	(1.6)	3.5

The intangible assets comprise development costs incurred prior to Financial Close.

Principal risks and uncertainties

The principal risks facing the Company in the short to medium term are cost overruns, awarding of consents, technology risks and (prior to September 2019) failure to win a Contract for Difference. To mitigate against these risks, management within the Company have:

- Implemented review and reporting processes to measure both spend and development progress on all main contracts against budget and forecast;
- Jointly appointed SSE and Equinor to operate the Company up to the announcement of CfD Award, to ensure all areas of expertise are fully utilised, employing experienced personnel to monitor and mitigate such risks;
- Following CfD Award, appointed SSE Renewables Developments (UK) Ltd to provide management services to the Company from CfD Award to the completion of construction and appointed Equinor New Energy Ltd to provide management services to the Company during the operations period;
- Regularly carried out project workshops involving both SSE and Equinor to ensure that risks are recorded in Equinor's risk management system, which is the risk management system being used by the Company;
- Developed the project's contracting strategy and supply chain plan and progressed procurement of all of the project's main contracts before Financial Close;
- Developed the project's financing strategy in order to successfully reach Financial Close, to secure all funding required to construct the project;
- Entered into foreign exchange and interest rate hedges to mitigate the Company's exposure to movements in foreign exchange rates and interest rates; and
- Implemented a programme of value improvements across the project in order to improve the project's economics and maximise the prospect of being successful in the Contract for Difference auction round.

The Company is aware of the political uncertainty as a result of Brexit. This is being closely monitored by the Directors but, given the activities of the Company, is not expected to have a significant impact on the financial statements for the year ended 31 March 2020. It is also not expected to have a significant impact on the construction schedule or on the Company's financial position and performance in future years.

The impact of the Covid-19 health pandemic has been closely monitored by the Directors since its emergence in Europe in early 2020. To date there has been only limited impact on the forecast project schedule and cost. Given the activities of the Company, and the mitigation measures implemented by the Company and its contractors, it is not expected to have a significant impact on the financial statements for the year ended 31 March 2020. It is also not expected to have a significant impact on the construction schedule or on the Company's financial position and performance in future years.

Approved by the Board on 25 February 2021 and signed on its behalf by:

DocuSigned by:

Barry O'Regan

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Barry O'Regan
Director

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Reporting requirements on the Company's principal activities, its principal risks and uncertainties and its key performance indicators can be found in the Strategic Report on page 2.

Proposed dividend

The directors do not recommend the payment of a dividend (2019: £nil).

Directors' of the company

The directors, who held office during the year, were as follows:

Halfdan Brustad

Stephen Bull (ceased 6 February 2021)

Harald Eliassen (ceased 29 April 2020)

Paul Cooley (appointed 29 October 2019)

Barry O'Regan (appointed 23 January 2020)

Iwan Morgan

Damien McSweeney (ceased 23 January 2020)

Simon Bailey (ceased 29 October 2019)

The following directors were appointed after the year end:

Anders Opaker (appointed 29 April 2020)

Oystein Michelsen (appointed 7 February 2021)

Political and charitable donations

The Company made no charitable or political donations during the year (2019: £nil).

Future developments

The Company is currently developing a 1,200MW windfarm. There are no planned changes or additional activities. Successfully achieving Financial Close facilitates the construction of the windfarm, which is expected to continue until the end of 2023.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each 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 to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for a period of at least twelve months following approval of the financial statements. In performing their assessment, the Directors have considered the future financial plans of the Company and its ability to access necessary funding.

Financial Close has been achieved on 25 November 2020. Financial Close is the point at which all debt and equity to construct the windfarm is committed. Total forecast capital expenditure for the windfarm is c.£3bn. Total senior debt committed at Financial Close is c.£2.3bn plus c.£350m of ancillary facilities. The remainder of the funding required to construct the windfarm has been committed by the shareholders. The committed funding total includes standby debt and equity totalling c.£190m (7% of base capex) to ensure the Company has access to committed funds in the event of cost over-runs beyond the base capex forecast, which includes the P50 contingency forecast. Achieving Financial Close therefore ensures completion of the windfarm, supporting the going concern basis adopted.

Assessing the impact of coronavirus

The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the timing of the outbreak relative to the Company's year end date, the impact on the results for the year ended 31 March 2020 is limited.

The directors have been closely monitoring the impact of coronavirus on the future prospects of the Company, considering the impact on both project schedule and costs. Due to the operations of the Company, the impact of the virus on future periods is expected to be limited. No changes to key project milestones have been identified to date. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

Brexit

The Directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, the impact of Brexit is expected to be minimal both in respect of cost impact and any impact on the construction schedule.

Auditor

In accordance with Section 489 of the Companies Act 2006, the directors have confirmed that Ernst and Young LLP will be appointed External Auditor for the Company for the year ending 31 March 2020. Ernst & Young will be re-appointed External Auditor for the Company for the year ending 31 March 2021, subject to approval by shareholders at the forthcoming Board of Directors meeting.

Important non adjusting events after the financial period

In November 2020 the Project reached financial close. Total capital expenditure on the Dogger Bank A project is forecast to be around £3bn, including offshore transmission capex of around £830m. Reaching Financial Close means that the Company has secured all of the senior debt and equity funding required to construct the project. All financing terms are fully agreed and the funds are committed.

These events had no impact on the financial statements for the year ended 31 March 2020.

Directors' compliance policy statement

We, the directors of the company who held office at the date of approval of these Financial Statements are responsible for securing the company's compliance with its relevant obligations; and

We confirm that the following matters have been done under section 225(2) in fulfilling its responsibilities:

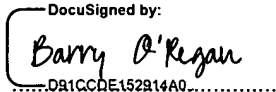
- putting in place appropriate arrangements or structures (that, in our opinion) are, designed to secure material compliance with the company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

The company adopts SSE's compliance policies and practices. In our opinion these are appropriate to the company.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Approved by the Board on 25 February 2021 and signed on its behalf by:

DocuSigned by:

.....DB1CCDE152B14A0.....
Barry O'Regan
Director

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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. They 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.

Approved by the Board on 25 February 2021 and signed on its behalf by:

DocuSigned by:

Barry O'Regan

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Barry O'Regan
Director

Independent Auditor's Report to the Members of Doggerbank Offshore Wind Farm Project 1 Projco Limited

Opinion

We have audited the financial statements of Doggerbank Offshore Wind Farm Project 1 Projco Limited (the 'company') for the year ended 31 March 2020, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on 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.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Doggerbank Offshore Wind Farm Project 1 Projco Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where 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 from 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 Statement of Directors' Responsibilities [set out on page 7], 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council'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.

**Independent Auditor's Report to the Members of Doggerbank Offshore Wind Farm
Project 1 Projco Limited (continued)**

Annie Graham

.....
Annie Graham, Senior Statutory Auditor (Senior Statutory Auditor)
For and on behalf of EY LLP, Statutory Auditor

G1 Building, 5 George Square
5 George Square
Glasgow
Glasgow
G2 1DY

25 February 2021

Doggerbank Offshore Wind Farm Project 1 Projco Limited**Income Statement for the Year Ended 31 March 2020**

	2020	2019
	£ m	£ m
Finance costs	<u>(3.6)</u>	<u>(1.6)</u>
Loss before tax	<u>(3.6)</u>	<u>(1.6)</u>
Loss for the year	<u>(3.6)</u>	<u>(1.6)</u>

The above results were derived from continuing operations.

Doggerbank Offshore Wind Farm Project 1 Projco Limited**Statement of Comprehensive Income for the Year Ended 31 March 2020**

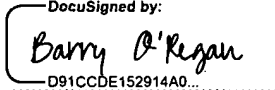
	Note	2020 £ m	2019 £ m
Loss for the year		(3.6)	(1.6)
Items that may be reclassified subsequently to profit or loss			
Loss on effective portion of cash flow hedges		(4.3)	-
Taxation on cashflow hedges		0.8	-
		(3.5)	-
Total comprehensive income for the year		(7.1)	(1.6)

The notes on pages 16 to 27 form an integral part of these financial statements.

Doggerbank Offshore Wind Farm Project 1 Projco Limited**(Registration number: 07791991)****Statement of Financial Position as at 31 March 2020**

	Note	2020 £ m	2019 £ m
Assets			
Non-current assets			
Intangible assets	7	109.9	42.4
Deferred tax assets	6	0.8	-
Derivative financial assets	8	23.1	-
		<u>133.8</u>	<u>42.4</u>
Current assets			
Trade and other receivables	9	13.1	11.6
Cash and cash equivalents	10	9.9	6.3
		<u>23.0</u>	<u>17.9</u>
Total assets		<u>156.8</u>	<u>60.3</u>
Current liabilities			
Trade and other payables	11	(19.5)	(5.7)
Loans and borrowings	12	(111.5)	-
		<u>(131.0)</u>	<u>(5.7)</u>
Non-current liabilities			
Loans and borrowings		-	(51.1)
Derivative financial liabilities	15	(27.4)	-
		<u>(27.4)</u>	<u>(51.1)</u>
Total liabilities		<u>(158.4)</u>	<u>(56.8)</u>
Net (liabilities)/assets		<u>(1.6)</u>	<u>3.5</u>
Equity			
Hedge reserve		(3.5)	-
Capital contribution		7.6	5.6
Retained earnings		<u>(5.7)</u>	<u>(2.1)</u>
Total equity		<u>(1.6)</u>	<u>3.5</u>

Approved by the Board on 25 February 2021 and signed on its behalf by:

DocuSigned by:

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Barry O'Regan
Director

The notes on pages 16 to 27 form an integral part of these financial statements.

Doggerbank Offshore Wind Farm Project 1 Projco Limited**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital £ m	Retained earnings £ m	Capital contribution £ m	Hedge Reserve £ m	Total £ m
At 1 April 2018	-	(0.5)	3.2	-	2.7
Loss for the year	-	(1.6)	-	-	(1.6)
Total comprehensive loss	-	(1.6)	-	-	(1.6)
Capital contribution	-	-	2.4	-	2.4
At 31 March 2019	-	(2.1)	5.6	-	3.5

	Share capital £ m	Retained earnings £ m	Capital contribution £ m	Hedge Reserve £ m	Total £ m
At 1 April 2019	-	(2.1)	5.6	-	3.5
Loss for the year	-	(3.6)	-	-	(3.6)
Other comprehensive loss	-	-	-	(3.5)	(3.5)
Total comprehensive loss	-	(3.6)	-	(3.5)	(7.1)
Capital contribution	-	-	2.0	-	2.0
At 31 March 2020	-	(5.7)	7.6	(3.5)	(1.6)

The notes on pages 16 to 27 form an integral part of these financial statements.
Page 14

Doggerbank Offshore Wind Farm Project 1 Projco Limited**Statement of Cash Flows for the Year Ended 31 March 2020**

	Note	2020 £ m	2019 £ m
Cash flows from operating activities			
Loss for the year		(3.6)	(1.6)
Adjustments to cash flows from non-cash items			
Non cash interest/unwinding of discount	3	2.9	1.6
Working capital adjustments			
Increase in trade and other receivables	9	(1.5)	(11.5)
Increase in trade and other payables	11	13.8	1.9
Net cash flow from operating activities		11.6	(9.6)
Cash flows from investing activities			
Acquisition of intangible assets	7	(67.5)	(13.0)
Cash flows from financing activities			
Proceeds from other borrowing draw downs		59.5	28.9
Net increase in cash and cash equivalents		3.6	6.3
Cash and cash equivalents at 1 April		6.3	-
Cash and cash equivalents at 31 March		9.9	6.3

The notes on pages 16 to 27 form an integral part of these financial statements.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

No.1 Forbury Place
43 Forbury Road
Reading
United Kingdom
RG1 3JH

These financial statements were authorised for issue by the Board on 25 February 2021.

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared on a going concern basis under the historical cost convention. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Act 2014 which are applicable to companies reporting under IFRS. They have been prepared under the assumption that the Company operates on a going concern basis. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

New standards and interpretations issued, but not yet adopted by the Company

IFRS 17 'Insurance Contracts' effective from 1 April 2021 for the Company, subject to EU endorsement.

The Company has no activities falling within the scope of IFRS 17 'Insurance Contracts', therefore adoption of the standard is not expected to have a material impact on the financial statements.

Other interpretations and amendments

There are a number of other interpretations, amendments and annual improvement project recommendations that have been issued but not yet adopted by the Company because application is not yet mandatory or because adoption by the EU remains outstanding at this point in time. These are not anticipated to have a material impact on the Company's financial statements.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for a period of at least twelve months following approval of the financial statements. In performing their assessment, the Directors have considered the future financial plans of the Company and its ability to access necessary funding.

Financial Close has been achieved on 25 November 2020. Financial Close is the point at which all debt and equity to construct the windfarm is committed. Total forecast capital expenditure for the windfarm is c.£3bn. Total senior debt committed at Financial Close is c.£2.3bn plus c.£350m of ancillary facilities. The remainder of the funding required to construct the windfarm has been committed by the shareholders. The committed funding total includes standby debt and equity totalling c.£190m (7% of base capex) to ensure the Company has access to committed funds in the event of cost over-runs beyond the base capex forecast, which includes the P50 contingency forecast. Achieving Financial Close therefore ensures completion of the windfarm, supporting the going concern basis adopted.

Debt and finance costs

Debt is stated at the fair value of the proceeds. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in the year.

Finance income and costs policy

Interest income is recognised as income in the year in which it is earned. Interest expense is recognised as an expense in the year in which it is incurred.

Interest receivable represents funds received on money invested and is recognised in the profit or loss in the year to which it relates.

On completion of the construction of the plant the interest incurred on borrowings is charged to the income statement in the year in which it accrues.

Foreign currency

The financial statements are presented in pounds sterling, which is the functional currency of the Company.

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the Statement of Financial position date or, where appropriate, the rates of exchange in related forward exchange contracts.

Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the income statement.

Tax

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by Statement of Financial position date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial position date.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying temporary differences can be deducted.

Intangible assets

Intangible assets comprise assets under development and are stated at cost, net of any provisions for impairment. Development costs relate to the design, construction and testing of wind farm sites, expected to generate future economic benefits. Capitalised costs include planning application costs, environmental impact studies and other costs incurred in bringing the wind farm development project to the consented stage. At the point the development reaches the consent stage and is approved for construction, the carrying value will be transferred to Property, Plant and Equipment. The Company reviews the intangible assets for signs of impairment at each Statement of Financial position date.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Receivables do not carry any interest and are measured at cost (less an appropriate allowance for irrecoverable balances).

Trade payables

Trade and other payables do not carry any interest and are measured at cost.

Interest-bearing loans and borrowings

All such loans and borrowings are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost, except where the loan or borrowing is the hedged item in an effective fair value hedge relationship.

Share capital

Ordinary shares are accounted for as equity. Costs associated with the issue of new shares are deducted from the proceeds of issue.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. It should be noted that the impact of variation in some assumptions, judgements and estimates can have a particularly material impact on the reported results. These include, but are not limited to:

- Estimation of accruals and the recoverability of assets recorded at the Statement of Financial position date are the company's key area of estimation and judgement.
- Contracted works are assessed on a value of work done basis to estimate project costs at a point in time.

3 Finance costs

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

3 Finance costs (continued)

	2020 £ m	2019 £ m
Finance costs		
Deemed interest on below market rate shareholder loans	(2.9)	(1.6)
Foreign exchange losses	(0.7)	-
Total finance costs	<u>(3.6)</u>	<u>(1.6)</u>

4 Auditor's remuneration

The company incurred an audit fee of £23,000 (2019:£20,000). The company has also borne the audit fee of the parent company, Doggerbank Offshore Wind farm Project 1 Holdco Limited, of £8,000 (2019:£10,000).

5 Directors' remuneration

The Company had no employees in the current or prior year.

The Director's did not receive remuneration in respect of their services to the Company in the current or prior year.

6 Income tax

Tax charged/(credited) in the income statement

2020 £ m	2019 £ m
-------------	-------------

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £ m	2019 £ m
Loss before tax	<u>(3.6)</u>	<u>(1.6)</u>
Corporation tax at standard rate	(0.7)	(0.3)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	<u>0.7</u>	<u>0.3</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Deferred taxation

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

6 Income tax (continued)

	2020 £ m	2019 £ m
Deferred tax assets/(liabilities)		
Deferred tax charge to equity for the period	0.8	-
Asset at end of period	0.8	-

7 Intangible assets

	Development Assets £ m
Cost or valuation	
At 1 April 2018	29.4
Additions	13.0
At 31 March 2019	42.4
At 1 April 2019	42.4
Additions	67.5
At 31 March 2020	109.9
Carrying amount	
At 31 March 2020	109.9
At 31 March 2019	42.4

8 Other financial assets

	2020 £ m	2019 £ m
Non-current financial assets		
Derivative assets held for risk management and hedge accounting	23.1	-

9 Trade and other receivables

	2020 £ m	2019 £ m
Receivables from related parties	11.0	11.1
Other receivables	2.1	0.4
	13.1	11.5

The Company has provided services to Doggerbank Offshore Wind Farm Project 2 Projco Limited during the year to 31 March 2020. The amount does not bear interest and is repayable on demand.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

10 Cash and cash equivalents

	2020 £ m	2019 £ m
Cash at bank	9.9	6.3

11 Trade and other payables

Amounts falling due within one year

	2020 £ m	2019 £ m
Other trade payables	-	0.1
Other accrued expenses	16.2	1.5
Accrued expenses due to related parties	3.3	4.1
	19.5	5.7

12 Discount recognised during the year on new loans

	2020 £ m	2019 £ m
Current loans and borrowings		
Loans and borrowings due to related parties	111.5	-

	2020 £ m	2019 £ m
Non Current liabilities		
Loans and borrowings due to related parties	-	51.1
	-	51.1

	2020 £m	2019 £m
Falling due within less than one year		
Shareholder loan - SSE	55.75	
Shareholder loan - Equinor	55.75	-
	111.5	
Falling due between one and two years		
Shareholder loan - SSE	-	25.55
Shareholder loan - Equinor	-	25.55
	-	51.1

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

12 Discount recognised during the year on new loans (continued)

The shareholder loans have been provided by SSE Renewables Offshore Windfarm Holdings Limited and Equinor New Energy Limited and bear no interest, as they are considered to be early stage funding and quasi-equity in nature. This has been shown at fair value with a discount rate of 4.5% applied against the total value of the loan, being £114.1m (2019: £54.6m). The movement during the year includes a capital contribution of £2.0m (2019: £2.4m) (Note 14) that was recognised in respect of new loan amounts received during the year and deemed interest of £2.9m (2019: £1.6m) (note 3). The difference between the carrying value of the loan, being £111.5m (2019: £51.1m) and the total value of the loan, being £114.1m (2019: £54.6m) is the remaining balance of the capital contribution that has yet to be unwound ahead of repayment of the loans, being £2.6m (2019: £3.5m).

	Loans and borrowings £ m
Balance as at 1 April 2019	51.1
<i>Changes from financing cash flows</i>	
Proceeds from loans and borrowings	59.5
Total changes from financing activities	110.6
<i>Other changes</i>	
Unwinding of discount on shareholder loan not at market rate	2.9
Non cash Interest charge/unwinding of discount	(2.0)
Total other changes	0.9
Balance as at 31 March 2020	111.5

13 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	8	8	8	8

14 Capital contribution

The capital contribution of £7.6m (2019: £5.6m) represents the difference between the initial fair value of the shareholder loans in the Company and its face value.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

15 Derivatives and financial instruments

i Risk

Liquidity risk

Liquidity risk derives from the risk the Company will not be able to meet its financial obligations as they become due. The ultimate parent companies can be exposed to significant movement in their liquidity positions due to macroeconomic factors, changes in commodity prices and working capital requirements. Expenditure and cash outflows are subject to internal approval procedures to ensure that these do not exceed planned expenditure.

The following are the contractual cash flows of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

	2020	2020	2020	2020	2020	2020
	Carrying	Contractual	1 year or	1 to < 2	2 to < 5	Over 5
	value	cash flow	less	years	years	year
	£m	£m	£m	£m	£m	£m
Non derivative financial liabilities						
Loans and borrowings	(111.5)	(114.1)	(114.1)	-	-	-
	(111.5)	(114.1)	(114.1)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	(27.4)	(27.4)	-	-	(3.9)	(23.5)
Total	(138.9)	(141.5)	(114.1)	-	(3.9)	(23.5)

	2019	2019	2019
	Carrying	Contractual	1 to 2
	amount	cash flows	years
	£m	£m	£m
Non derivative financial liabilities			
Loans and borrowings	(51.1)	(54.6)	(54.6)
	(51.1)	(54.6)	(54.6)

ii Fair values

The fair values of the Company's financial assets and financial derivatives, and the carrying amounts in the Statement of Financial position are analysed below. Balances included in the analysis of primary financial assets and liabilities include cash and cash equivalents, loans and borrowings, trade and other receivables, trade and other payables and provisions, all of which are disclosed separately. Own use commodity contracts are not considered to be financial instruments.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

15 Derivatives and financial instruments (continued)

ii Fair values (continued)

Basis of determining fair value

The valuation techniques used for level 2 fair values are as follows:

Shareholder loan - Fair value is calculated using the average funding rate achieved over the life of the project assumed financial close to discount the loan.

Derivative financial liabilities - Closing rate market values have been used to determine the fair value of interest rate contracts.

Summary fair values

The fair values of the primary financial assets and liabilities together with their carrying values are as follows:

	2020	2020	2019	2019
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
Financial assets				
Trade and other receivables	13.1	13.1	11.6	11.6
Cash and cash equivalents	9.9	9.9	6.3	6.3
Derivative financial assets	23.1	23.1	-	-
Financial liabilities				
Trade and other payables	19.6	19.6	5.7	5.7
Loans and borrowings	111.5	114.1	51.1	51.1
Derivative financial liabilities	27.4	27.4	-	-

Fair values have been determined with reference to closing market prices. Unless otherwise stated, carrying value approximates fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurement are those derived from unadjusted quoted market prices for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

15 Derivatives and financial instruments (continued)

ii Fair values (continued)

	2020	2020	2019	2019
	Level 1	Level 2	Level 1	Level 2
	£m	£m	£m	£m
Financial assets				
Cash	9.9	-	6.3	-
Derivative financial assets	-	23.1	-	-
	<u>9.9</u>	<u>23.1</u>	<u>6.3</u>	<u>-</u>
Financial liabilities				
Shareholder loan	-	111.5	-	51.1
Derivative financial liabilities	-	27.4	-	-
	<u>-</u>	<u>138.9</u>	<u>-</u>	<u>51.1</u>

There were no significant transfers out of level 1 into level 2 and out of level 2 into level 1 during the year ended 31 March 2020.

16 Capital commitments

The total amount contracted for but not provided in the financial statements was as follows:

	2020	2019
	£ m	£ m
Capital expenditure: contracted but not provided	121.2	-

17 Related party transactions

	2020	2020	2019	2019
	Receivables	Payables	Receivables	Payables
	Outstanding	outstanding	outstanding	outstanding
	£m	£m	£m	£m
SSE Renewables Developments (UK) Ltd	-	57.3		27.1
Equinor New Energy Limited	-	57.4	-	28.1
Doggerbank Offshore Wind Farm Project 2 Projco Ltd	11.0	-	11.1	-
	<u>11.0</u>	<u>114.7</u>	<u>11.1</u>	<u>55.2</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited**Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)****17 Related party transactions (continued)**

i) Payables outstanding to SSE Renewables Developments (UK) Limited (a subsidiary of SSE plc, the ultimate parent Company of SSE Renewables Offshore Windfarm Holdings Limited) are in relation to shareholder loans and recharges. The balance on the shareholder loan outstanding is £55.7m (2019: £25.55m). Recharges have been made by SSE Renewables Developments (UK) Limited during the period, for the services provided by the personnel who have worked on the Doggerbank project, and other services provided under a management services agreement. During the year ended 31 March 2020, the Company was charged £3.2m (2019: £2.2m) by SSE Renewables Developments (UK) Limited in respect of these costs. At the period end there were payables outstanding of £1.6m (2019: £1.5m) due to SSE Renewables Developments (UK) Limited in respect of these costs.

ii) Payables outstanding to Equinor New Energy Limited are in relation to shareholder loans and recharges. The balance on the shareholder loan outstanding is £55.7m (2019: £25.55m). Recharges have been made by Equinor New Energy Limited during the period, for the services provided by personnel who have worked on the Doggerbank project. During the year ended 31 March 2020, the Company was charged £6.1m (2019: £3.6m) by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £1.7m (2019: £2.6m) due to Equinor New Energy Limited in respect of these costs.

iii) The Company has provided services to Doggerbank Offshore Wind Farm Project 2 Projco Limited during the year to 31 March 2020. At the period end there were receivables outstanding of £11.0m (2019: £11.1m) due to the Company in respect of these services. The amount does not bear any interest and is repayable on demand.

iv) In line with an agreement entered into by all of the Company's shareholders, no recharges have been made by the shareholders to the Company in relation to directors remuneration.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

18 Ultimate parent company

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Doggerbank Offshore Windfarm Project 1 Holdco Limited, incorporated in England and Wales.

The address of Doggerbank Offshore Windfarm Project 1 Holdco Limited is:

No.1 Forbury Place,
43 Forbury Road
Reading
United Kingdom
RG1 3JH

The Company's immediate parent undertaking is Doggerbank Offshore Windfarm Project 1 Holdco Limited, registered in England and Wales. The largest and smallest Group in which the results of the Company are consolidated is that headed by Doggerbank Offshore Windfarm Project 1 Holdco Limited,.

The parent of the smallest group in which these financial statements are consolidated is Doggerbank Offshore Windfarm Project 1 Holdco Limited, incorporated in England and Wales.

The address of Doggerbank Offshore Windfarm Project 1 Holdco Limited is:

No.1 Forbury Place,
43 Forbury Road
Reading
United Kingdom
RG1 3JH

The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary..

19 Post balance sheet events

In November 2020 the Project reached financial close. Total capital expenditure on the Dogger Bank A project is forecast to be around £3bn, including offshore transmission capex of around £830m. Reaching Financial Close means that the Company has secured all of the senior debt and equity funding required to construct the project. All financing terms are fully agreed and the funds are committed.

These events had no impact on the financial statements for the year ended 31 March 2020.