

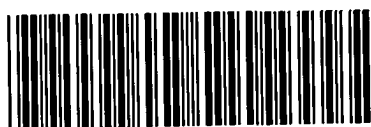
Doggerbank Offshore Wind Farm Project 1 Projco Limited

Annual report and financial statements

Year ended 31 March 2019

Registered No.: 07791991

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Doggerbank Offshore Wind Farm Project 1 Projco Limited

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Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors and Other Information

Directors

H. Brustad
S. Bull
H. Eliassen (appointed 1 May 2018)
D. McSweeney (appointed 22 June 2018)
I. Morgan (appointed 23 October 2018)
P. Cooley (appointed 29 October 2019, resigned 26 September 2018)
T. Bokn (resigned 1 May 2018)
R. Escott (resigned 22 June 2018)
B. McFarlane (resigned 23 October 2018)
J. Smith (resigned 14 January 2019, appointed 26 September 2018)
S. Bailey (resigned 29 October 2019, appointed 17 January 2019)

Secretary

D. Virdee

Registered office

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

Auditor

KPMG LLP
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

Registered number

07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Strategic Report

The directors submit their report and audited financial statements for the year to 31 March 2019.

The Strategic and Financial Review 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 to 31 March 2019, as well as those matters which are likely to affect its future development and performance.

1 Principal activities

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

Three projects, Creyke Beck A, Creyke Beck B and Teeside A are being delivered by a 50:50 joint venture between SSE and Equinor, with Doggerbank Offshore Wind Farm Project 1 Projco Limited taking forward the 1,200MW Creyke Beck A project.

As at 31 March 2019 100% of the issued ordinary Share Capital in the Company was owned by Doggerbank Offshore Wind Farm Project 1 Holdco Limited. Of the issued ordinary Share Capital held in Doggerbank Offshore Wind Farm Project 1 Holdco Limited, 50% is held by SSE Renewables Offshore Windfarm Holdings Limited and 50% is held by Equinor New Energy Limited. This ownership structure has been in effect since 31 August 2017.

2 Business review

The Income Statement for the year ended 31 March 2019 is set out on page 9. The loss for the period for the Company was £1.6m (2018: £0.5m). The Balance Sheet at 31 March 2019 is set out on page 10 and indicates net assets for the Company of £3.5m (2018: £2.7m).

Business performance overview

The focus of the Group during the year was on carrying out development works such as acquiring the necessary land rights, undertaking various surveys such as geographical investigation surveys, undertaking engineering analysis to develop the project technically, carrying out procurement activities in relation to its main contracts and developing the project's financing strategy.

All historic costs relating to the development of the Creyke Beck A project that were incurred by subsidiaries owned by the Group's shareholders have been recharged to the Group at a value equal to historic cost. These recharges have been allocated as shareholder loans between the Group and SSE and Equinor.

The UK government announced that its third auction round for Contracts for Difference would take place during Q2/Q3 2019. The date of the auction round was ultimately set as August 2019.

In September 2019 the UK government announced that the project had been successful in winning Contracts for Difference for its entire forecast output of 1,200MW, for delivery year 2023/24.

3 Key performance indicators

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

| | 2019 £m | 2018 £m |
|-------------------|------------|------------|
| Financial | | |
| Intangible assets | 42.4 | 29.4 |
| Net assets | 3.5 | 2.7 |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Strategic Report *(continued)*

4 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, to ensure all areas of expertise are fully utilised, employing experienced personnel to monitor and mitigate such risks;
- 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 Group;
- Developed the project's contracting strategy and supply chain plan and progressed procurement of all of the project's main contracts; 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 Directors are 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.

On behalf of the board



P. Cooley
Director
20 December 2019

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

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

1 Proposed dividend

The directors do not recommend the payment of a dividend.

2 Directors

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the Company the directors are not required to retire by rotation.

3 Political and charitable donations

The Company did not make any political or charitable donations during the year.

4 Post balance sheet events

Since 31 March 2019 six subsidiary companies, held at £nil value by the Company, were dissolved and struck off (note 6).

In June 2019 a loan restructuring took place within the Group (note 6).

In September 2019 the UK government announced that the project had been successful in winning Contracts for Difference for its entire forecast output of 1,200MW, for delivery year 2023/24.

These events had no impact on the financial statements for the year ended 31 March 2019.

5 Future developments

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

6 Disclosure of information to 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.

7 Going concern

The directors have assessed that the Company has adequate resources to meet its liabilities as they fall due for a period of at least twelve months following the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report *(continued)*

8 Auditor

In accordance with Section 489 of the Companies Act 2006, the Group's Audit Committee confirmed that Ernst and Young LLP have been appointed External Auditor for the SSE Group for the year ending 31 March 2020 at the SSE plc's annual general meeting of 18 July 2019. It is the intention of the directors to appoint Ernst & Young LLP as External Auditor of the Company.

On behalf of the Board:



P. Cooley
Director
20 December 2019

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board:



P. Cooley
Director

20 December 2019

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 2019, which comprise the income statement, balance sheet, statement of changes in equity, cashflow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

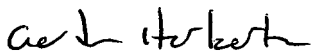
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

319 St Vincent Street
Glasgow
G2 5AS

20/12/19

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Income Statement for the period ended 31 March 2019

| | Note | 2019 £m | Period 1 January 2017 to 31 March 2018 £m |
|--------------------------------------|------|------------|---|
| Operating expenses | 2 | - | - |
| Operating loss | | - | - |
| Finance expenses | 4 | (1.6) | (0.5) |
| Loss before taxation | | (1.6) | (0.5) |
| Taxation | 5 | - | - |
| Loss for the financial period | | (1.6) | (0.5) |

The above results are derived from continuing activities.

There was no other comprehensive income in either period.

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

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Balance Sheet as at 31 March 2019

| | Note | 2019 £m | 2018 £m |
|--------------------------------|------|---------------|------------|
| Non-current assets | | | |
| Intangible assets | 7 | 42.4 | 29.4 |
| | | 42.4 | 29.4 |
| Current assets | | | |
| Trade and other receivables | 8 | 11.6 | 0.1 |
| Cash and cash equivalents | 9 | 6.3 | - |
| | | 17.9 | 0.1 |
| Total assets | | 60.3 | 29.5 |
| Current liabilities | | | |
| Trade and other payables | 10 | (5.7) | (3.8) |
| Non-current liabilities | | | |
| Loans and other borrowings | 11 | (51.1) | (23.0) |
| Total liabilities | | (56.8) | (26.8) |
| Net assets | | 3.5 | 2.7 |
| Equity | | | |
| Share capital | 12 | - | - |
| Capital contribution | 13 | 5.6 | 3.2 |
| Retained earnings | | (2.1) | (0.5) |
| Total Equity | | 3.5 | 2.7 |

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Directors on 20 December 2019 and signed on their behalf by:



P. Cooley
Director
20 December 2019

Company registered number: 07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Statements of changes in equity for the period ended 31 March 2019

| | Share Capital £m | Retained Earnings £m | Capital contribution £m | Total Equity £m |
|----------------------------------|---------------------|-------------------------|----------------------------|--------------------|
| Balance at 1 January 2017 | - | - | - | - |
| Capital contribution | - | - | 3.2 | 3.2 |
| Loss for the financial period | - | (0.5) | - | (0.5) |
| Balance at 31 March 2018 | - | (0.5) | 3.2 | 2.7 |
| Balance at 1 April 2018 | - | (0.5) | 3.2 | 2.7 |
| Capital contribution | - | - | 2.4 | 2.4 |
| Loss for the financial period | - | (1.6) | - | (1.6) |
| Balance at 31 March 2019 | - | (2.1) | 5.6 | 3.5 |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Cash flow statement for the year ended 31 March 2019

| | Note | 2019 £m | Period from 1 January 2017 to 31 March 2018 £m |
|---|------|---------------|---|
| Cash flows from operating activities | | | |
| Loss for the period | | (1.6) | (0.5) |
| <i>Adjustments for:</i> | | | |
| Non cash interest charge/unwinding of discount | | 1.6 | - |
| Increase in receivables | | (11.5) | (0.1) |
| Increase in payables | | 1.9 | 3.8 |
| Net cash inflow from operating activities | | (9.6) | 3.2 |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | 7 | (13.0) | (29.4) |
| Net cash flow from investing activities | | (13.0) | (29.4) |
| Cash flow from financing activities | | | |
| New borrowings | 11 | 28.9 | 26.2 |
| Net cash flow from financing activities | | 28.9 | 26.2 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase in cash in the period | | 6.3 | - |
| Net cash at start of the period | | - | - |
| Net cash at end of the period | | 6.3 | - |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements for the year ended 31 March 2019

1 Significant accounting policies

Doggerbank Offshore Wind Farm Project 1 Projco Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07791991 and the registered address is No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The current accounting period is the year to 31 March 2019, with the comparative period being the 15 month period to 31 March 2018.

Measurement convention

The financial statements have been prepared on the going concern basis, under the historical cost convention, other than derivative financial instruments which are stated at fair value.

Debt and debt 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.

Taxation

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 the balance sheet 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 balance sheet date.

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 balance sheet date.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* **for the year ended 31 March 2019**

1 Significant accounting policies *(continued)*

Finance income and expense

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.

Going Concern

The directors have assessed that the Company has adequate resources to meet its liabilities as they fall due for a period of at least twelve months following the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

Accounting estimates and judgements

The Company has no significant areas of estimation or judgement.

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 balance sheet 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.

Non- derivative financial instruments

i) 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.

ii) Trade and other receivables

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

iii) Trade and other payables

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

iv) 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.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

1 Significant accounting policies *(continued)*

IFRS 9 adoption

The adoption of IFRS 9 had no material impact on the presentation of the financial statements for the year ended 31 March 2019.

IFRS 15 adoption

The adoption of IFRS 15 had no material impact on the presentation of the financial statements for the year ended 31 March 2019.

2 Expenses and auditor's remuneration

| | 2019 £000 | Period 1 January 2017 to 31 March 2018 £000 |
|-------------------------------------|--------------|---|
| Audit of these financial statements | 10 | 12 |

Auditor's remuneration in the year for the Company was £5,000 (2018: £5,600).

The Company has borne the auditor's remuneration in the year on behalf of its parent, Doggerbank Offshore Wind Farm Project 1 Holdco Limited £5,000 (2018: £5,600).

3 Directors' remuneration

The directors did not receive any remuneration from the Company in the period.

4 Financial expenses

| | 2019 £m | Period 1 January 2017 to 31 March 2018 £m |
|--|------------|---|
| Unwinding of discount on shareholder loan not at market rate | 1.6 | 0.5 |
| | 1.6 | 0.5 |

5 Taxation

| | 2019 £m | Period 1 January 2017 to 31 March 2018 £m |
|---|------------|---|
| Loss before tax | (1.6) | (0.5) |
| Tax (Credit) on (Loss) at standard UK corporation tax rate of 19% (2018: 19%) | (0.3) | (0.1) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 0.3 | 0.1 |
| Tax charge for the period | - | - |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

6 Post balance sheet events

Since 31 March 2019 the six subsidiary companies listed below, which were held at £nil by the Company, were dissolved and struck off by Companies House.

| Company | Date of strike off |
|---|--------------------|
| Doggerbank Project 1A SSER Limited* | 14 May 2019 |
| Doggerbank Project 1B SSER Limited* | 14 May 2019 |
| Doggerbank Project 1C SSER Limited* | 14 May 2019 |
| Doggerbank Project 1A Statoil Limited** | 30 April 2019 |
| Doggerbank Project 1B Statoil Limited** | 30 April 2019 |
| Doggerbank Project 1C Statoil Limited** | 30 April 2019 |

Registered Office

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

** One Kingdom Street, London, W2 6BD

In June 2019 a loan restructuring took place within the Group. Prior to June 2019, certain loans had been advanced by each of SSE and Equinor to the Company, a subsidiary company of Doggerbank Offshore Wind Farm Project 1 Holdco Limited. In June 2019, the obligations of the Company's loans were assumed by its parent, Doggerbank Offshore Wind Farm Project 1 Holdco Limited. The Company's obligations to SSE and Equinor respectively were released and an intercompany balance created in the Company's accounts due to the parent company, in respect of the aggregate loan amounts outstanding.

In September 2019 the UK government announced that the project had been successful in winning Contracts for Difference for its entire forecast output of 1,200MW, for delivery year 2023/24.

These events had no impact of the financial statements for the year ended 31 March 2019.

7 Intangible assets

| | Assets under development £m |
|--------------------------|--------------------------------|
| Cost and net book value: | |
| At 1 April 2018 | 29.4 |
| Additions | 13.0 |
| At 31 March 2019 | <u>42.4</u> |

8 Trade and other receivables: current

| | 2019 £m | 2018 £m |
|--|-------------|------------|
| Other receivables | 0.5 | 0.1 |
| Other receivables due from related parties | 11.1 | - |
| | <u>11.6</u> | <u>0.1</u> |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)*
for the year ended 31 March 2019

9 Cash and cash equivalents

| | 2019 £m | 2018 £m |
|---------------------------|------------|------------|
| Cash and cash equivalents | 6.3 | - |
| | <u>6.3</u> | <u>-</u> |

10 Trade and other payables: current

| | 2019 £m | 2018 £m |
|---|------------|------------|
| Other trade payables | 0.1 | 0.3 |
| Accrued expenses due to related parties | 4.1 | 2.6 |
| Other accrued expenses | 1.5 | 0.9 |
| | <u>5.7</u> | <u>3.8</u> |

11 Interest bearing loans and borrowings

| | 2019 £m | 2018 £m |
|---|-------------|-------------|
| Non-current liabilities | | |
| Loans and borrowings due to related parties | 51.1 | 23.0 |
| | <u>51.1</u> | <u>23.0</u> |

| | 2019 £m | 2018 £m |
|--|-------------|-------------|
| Payables: falling due in one to two years | | |
| Shareholder Loan - SSE | 25.55 | 11.5 |
| Shareholder Loan - Equinor | 25.55 | 11.5 |
| Total | <u>51.1</u> | <u>23.0</u> |

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 £54.6m (2018: £25.6m). The difference includes a capital contribution of £2.4m (2018: £3.2m) (note 13), offset by interest of £1.6m (2018: £0.5m) (note 4).

| | Loans and borrowings £m |
|--|----------------------------|
| Balance at 1 April 2018 | 23.0 |
| Changes from financing cash flows | |
| Proceeds from loans and borrowings | 28.9 |
| Total changes from financing cash flows | <u>28.9</u> |
| Unwinding of discount on shareholder loan not at market rate | 1.6 |
| Non cash interest charge/unwinding of discount | (2.4) |
| | <u>(0.8)</u> |
| Balance at 31 March 2019 | <u>51.1</u> |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

12 Capital and reserves

| | 2019 £ | 2018 £ |
|-------------------------------------|-----------|-----------|
| Equity: | | |
| Allotted, called up and fully paid: | | |
| 8 ordinary shares of £1.00 each | 8 | 8 |
| | <u>8</u> | <u>8</u> |

13 Capital Contribution

The capital contribution of £5.6m (2018: £3.2m) represents the difference between the initial fair value of the shareholder loans in Doggerbank Offshore Wind Farm Project 1 Projco Limited and its face value.

14 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, regulatory 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 interest bearing loans and borrowings:

| | 2019 Carrying amount £m | 2019 Contractual cash flows £m | 2019 1 to 2 years £m |
|---|----------------------------------|---|----------------------------|
| Non-derivative financial liabilities | | | |
| Loans and borrowings | (51.1) | (54.6) | (54.6) |
| Total financial liabilities | <u>(51.1)</u> | <u>(54.6)</u> | <u>(54.6)</u> |

| | 2018 Carrying amount £m | 2018 Contractual cash flows £m | 2018 1 to 2 years £m |
|---|----------------------------------|---|----------------------------|
| Non-derivative financial liabilities | | | |
| Loans and borrowings | (23.0) | (25.6) | (25.6) |
| Total financial liabilities | <u>(23.0)</u> | <u>(25.6)</u> | <u>(25.6)</u> |

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2019

14 Financial instruments *(continued)*

(ii) Fair values

The fair values of the Company's financial assets and liabilities, and the carrying amounts in the balance sheet are analysed below. Balances included in the analysis of primary financial assets and liabilities include loans and borrowings, trade and other receivables and trade and other payables and provisions, all of which are disclosed separately.

Summary fair values

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

| | 2019 Carrying value £m | 2019 Fair Value £m | 2018 Carrying value £m | 2018 Fair value £m |
|------------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| Financial Assets | | | | |
| Trade and other receivables | 11.6 | 11.6 | 0.1 | 0.1 |
| Cash and cash equivalents | 6.3 | 6.3 | - | - |
| Financial Liabilities | | | | |
| Trade and other payables | 5.7 | 5.7 | 3.8 | 3.8 |
| Loans and other borrowings | 51.1 | 51.1 | 23.0 | 23.0 |

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

15 Related party transactions

| | Transfer of loans 2019 £m | Transfer of loans 2018 £m |
|-----------------------------------|---------------------------------|---------------------------------|
| Doggerbank Project 1A SSER Ltd | - | 8.4 |
| Doggerbank Project 1B SSER Ltd | - | 2.2 |
| Doggerbank Project 1C SSER Ltd | - | 2.2 |
| Doggerbank Project 1A Statoil Ltd | - | 8.4 |
| Doggerbank Project 1B Statoil Ltd | - | 2.2 |
| Doggerbank Project 1C Statoil Ltd | - | 2.2 |
| | - | 25.6 |

On 31 August 2017, the Company wholly acquired six subsidiaries as detailed above. These subsidiaries had the development costs in Creyke Beck A recharged to the Company via intercompany charge. There was subsequently an agreement to allocate these recharges as a shareholder loan between SSE and Equinor.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements (continued)
for the year ended 31 March 2019

15 Related party transactions (continued)

| | Receivables outstanding 2019 | Receivables outstanding 2018 | Payables outstanding 2019 | Payables outstanding 2018 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| SSE Renewables Developments (UK) Limited | - | - | 27.1 | 12.5 |
| Equinor New Energy Limited | - | - | 28.1 | 13.1 |
| Doggerbank Offshore Wind Farm Project 2 Projco Limited | 11.1 | 11.1 | - | - |
| | 11.1 | 11.1 | 55.2 | 25.6 |

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 £25.55m (2018: £11.5m) (note 11). 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 2019, the Company was charged £2.2m (2018: £1.0m) by SSE Renewables Developments (UK) Limited in respect of these costs. At the period end there were payables outstanding of £1.5m (2018: £1.0m) 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 £25.55m (2018: £11.5m) (note 11). 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 2019, the Company was charged £3.6m (2018: £1.6m) by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £2.6m (2018: £1.6m) 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 2019 totalling £13m (2018: £nil). At the period end there were receivables outstanding of £11.1m (2018: £nil) due to the Company in respect of these services.

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.