

Doggerbank Offshore Wind Farm Project 1 Projco Limited

(formerly Doggerbank Project 1 Bizco Limited)

Annual report and financial statements

15 month period ended 31 March 2018

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 (appointed 30 August 2017)
H. Eliassen (appointed 1 May 2018)
D. McSweeney (appointed 22 June 2018)
I. Morgan (appointed 23 October 2018)
J. Smith (appointed 26 September 2018)
K. Aanstad (resigned 30 August 2017)
T. Bokn (resigned 1 May 2018, appointed 30 August 2017)
P. Cooley (resigned 26 September 2018, appointed 30 August 2017)
R. Escott (resigned 22 June 2018)
O. Hetland (resigned 21 March 2017)
A. Høneyman (resigned 24 January 2018)
B. McFarlane (resigned 23 October 2018, appointed 24 January 2018)
M. Meyer (resigned 21 March 2017)
C. Mockl (resigned 8 August 2017)
R. Sandford (resigned 8 August 2017)

Secretary

D. Virdee (appointed 16 March 2018)
P. Till (resigned 16 March 2018)

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 period 1 January 2017 to 31 March 2018.

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 15 month period to 31 March 2018, 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.

A restructure of the Forewind consortium in March and August 2017 resulted in a change of the ownership structure of the Company. Three projects, Creyke Beck A, Creyke Beck B and Teeside A are now to be delivered by a two way 50:50 JV between SSE and Equinor, with Doggerbank Offshore Wind Farm Project 1 Projco Limited taking forward the Creyke Beck A project.

As at 31 March 2018 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.

The Company changed its name from Doggerbank Project 1 Bizco Limited on 29 August 2017.

2 Business review

The Income Statement for the period ended 31 March 2018 is set out on page 8. The loss for the period for the Company was £0.5m (year to 31 December 2016: Enil). The Balance Sheet at 31 March 2018 is set out on page 9 and indicates net assets for the Company of £2.7m (2016: Enil).

The accounting period was extended from 31 December 2017 to 31 March 2018. The comparative accounting period is the year to 31 December 2016, when the Company was dormant.

Business performance overview

In August 2017, as part of the restructuring, the Company acquired subsidiaries from each of the shareholders. Those subsidiaries had been jointly bearing the development costs in relation to the Creyke Beck A project. As part of the restructuring, each subsidiary recharged its share of the development costs up to the Company at a value equal to historic cost by way of intercompany recharge. There was subsequently an agreement to allocate these recharges as a shareholder loan between SSE and Equinor.

The focus of the Company is currently carrying out early development works such as geographical investigation surveys.

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.

	31 March 2018 £m	31 December 2016 £m
Financial		
Intangible assets	29.4	-
Net assets	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 and technology risks. 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 between both parties to ensure that risks are recorded in Equinor's risk management system; and
- Established a working alliance with key contractors and suppliers that have been integrated into the project team with a view to enhancing value and efficiencies in project delivery.

The Company is aware of the political uncertainty which remains following the referendum held on 23 June 2016 where the UK voted to leave the European Union. This is being closely monitored by the Company but is not considered to have a significant impact on the accounts for the year ending 31 March 2019.

On behalf of the board

J. Smith
Director

19 December 2018

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report

The directors present their report together with the audited financial statements for the 15 month period ended 31 March 2018.

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 period 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 period.

4 Post balance sheet events

There have been no significant events since the balance sheet date.

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 Company has net current liabilities and is dependent on financial support provided by its joint venture parent companies, SSE plc and Equinor ASA. SSE plc and Equinor ASA have given a formal undertaking not to withdraw this support for a period of at least twelve months following the approval of these financial statements. Given this formal undertaking to support the company, the directors have considered it appropriate to prepare these financial statements on a going concern basis.

8 Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

On behalf of the Board:

J. Smith
Director

19 December 2018

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:

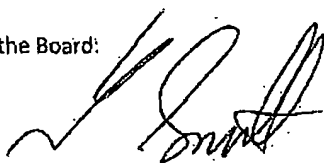
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Company's ability to continue as a going concern, 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:

J. Smith
Director

19 December 2018



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 period ended 31 March 2018 which comprises the income statement, balance sheet, statement of changes in equity, cash flow statements, 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 2018 and of its loss for the period 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

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

(continued)

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 <http://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

21/12/18

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Income Statement for the period ended 31 March 2018

	Note	31 March 2018 £m	31 December 2016 £m
Operating expenses	2	-	-
Operating loss		-	-
Finance expenses	4	(0.5)	-
Loss before taxation		(0.5)	-
Taxation	5	-	-
Loss for the financial period		(0.5)	-

The above results are derived from continuing activities.

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

Doggerbank Offshore Wind Farm Project 1 Projco Limited

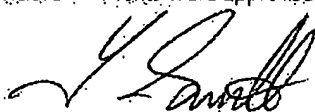
Balance Sheet as at 31 March 2018

	Note	31 March 2018 £m	31 December 2016 £m
Non-current assets			
Intangible assets	7	29.4	-
		<u>29.4</u>	<u>-</u>
Current assets			
Trade and other receivables	8	0.1	-
		<u>0.1</u>	<u>-</u>
Total assets		<u>29.5</u>	<u>-</u>
Current liabilities			
Trade and other payables	9	(3.8)	-
Non-current liabilities			
Loans and other borrowings	10	(23.0)	-
Total liabilities		<u>(26.8)</u>	<u>-</u>
Net assets		<u>2.7</u>	<u>-</u>
Equity			
Share capital	11	-	-
Capital contribution	12	3.2	-
Retained earnings		(0.5)	-
Total Equity		<u>2.7</u>	<u>-</u>

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

These financial statements were approved by the Directors on 19 December 2018 and signed on their behalf by:

J. Smith
Director
19 December 2018



Company registered number: 07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Statements of changes in equity for the period ended 31 March 2018

	Share Capital £m	Retained Earnings £m	Capital contribution £m	Total Equity £m
Balance at 1 January 2016	-	-	-	-
Loss for the financial year	-	-	-	-
Balance at 31 December 2016	-	-	-	-
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

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Cash flow statement for the period ended 31 March 2018

	Note	31 March 2018 £m	31 December 2016 £m
Cash flows from operating activities			
Loss for the period		(0.5)	-
<i>Adjustments for:</i>			
Increase in receivables		(0.1)	-
Increase in payables		3.8	-
Net cash inflow from operating activities		<u>3.2</u>	<u>-</u>
Cash flow from investing activities			
Purchase of intangible assets	7	(29.4)	-
Net cash flow from investing activities		<u>(29.4)</u>	<u>-</u>
Cash flow from financing activities			
New borrowings	10	26.2	-
Net cash flow from financing activities		<u>26.2</u>	<u>-</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		-	-
Net cash at start of the period		-	-
Net cash at end of the period		<u>-</u>	<u>-</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements for the period ended 31 March 2018

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 15 months to 31 March 2018, with the comparative period being the year to 31 December 2016.

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 period and reduced by payments made in the period.

Taxation

The charge for taxation is based on the profit for the period 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 period ended 31 March 2018

1 Significant accounting policies *(continued)*

Finance income and expense

Interest income is recognised as income in the period in which it is earned. Interest expense is recognised as an expense in the period in which it is incurred. Interest receivable represents funds received on money invested and is recognised in the profit or loss in the period 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 period in which it accrues.

Going Concern

The Company has net current liabilities and is dependent on financial support provided by its joint venture parent companies, SSE plc and Equinor ASA. SSE plc and Equinor ASA have given a formal undertaking not to withdraw this support for a period of at least twelve months following the approval of these financial statements. Given this formal undertaking to support the company, the directors have considered it appropriate to prepare these financial statements 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 period ended 31 March 2018

2 Expenses and auditor's remuneration

31 March
2018
£000

Audit of these financial statements

6

Auditor's remuneration in the period was £5,600 (year ended 31 December 2016: £nil; as dormant accounts were prepared).

3 Directors' remuneration

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

4 Financial expenses

31 March 2018 £m	31 December 2016 £m
------------------------	---------------------------

Unwinding of discount on shareholder loan not at market rate

0.5	-
0.5	-

5 Taxation

31 March 2018 £m	31 December 2016 £m
------------------------	---------------------------

Loss before tax

(0.5)	-
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Tax (Credit) on (Loss) at standard UK corporation tax rate of 19% (2016: 20%)

(0.1)	-
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Effects of:

Expenses not deductible for tax purposes

0.1	-
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Tax charge for the period

-	-
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6 Acquisitions

Prior to March 2017, the Company was part of the Forewind consortium, which was owned by four energy companies: SSE, Statoil, Innogy SE and Statkraft. This was then reduced to three owners following the exit of Statkraft in March 2017. In August 2017, the ownership structure of the Company changed again when Innogy left the consortium.

On 31 August 2017, the Company acquired six subsidiaries as detailed below. These subsidiaries had been jointly bearing the development costs of the Creyke Beck A project, which they then recharged to the Company via intercompany charge. As a result, ownership of the subsidiaries shifted such that instead of these companies owning the Company, the Company now owned them. The investments in these subsidiaries are held at £nil. The intention is to strike off these subsidiaries in the year ending 31 March 2019.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)*
for the period ended 31 March 2018

6 Acquisitions *(continued)*

Immediately prior to 31 August 2017, the share capital in the Company was held by the following companies:

Company	Ordinary Shares held in Doggerbank Offshore Wind Farm Project 1 Projco Limited
Doggerbank Project 1A SSER Limited	25%
Doggerbank Project 1B SSER Limited	12.5%
Doggerbank Project 1C SSER Limited	12.5%
Doggerbank Project 1A Statoil Limited	25%
Doggerbank Project 1B Statoil Limited	12.5%
Doggerbank Project 1C Statoil Limited	12.5%

Immediately prior to 31 August 2017, the share capital in the Company's six subsidiaries was held as follows:

Company	100% of ordinary shares held by
Doggerbank Project 1A SSER Limited	SSE Renewables Development (UK) Limited
Doggerbank Project 1B SSER Limited	SSE Renewables Development (UK) Limited
Doggerbank Project 1C SSER Limited	SSE Renewables Development (UK) Limited
Doggerbank Project 1A Statoil Limited	Equinor New Energy Limited
Doggerbank Project 1B Statoil Limited	Equinor New Energy Limited
Doggerbank Project 1C Statoil Limited	Equinor New Energy Limited

As at 31 March 2018, 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 place since 31 August 2017.

7 Intangible assets

	Assets under development £m
Cost:	
At 1 January 2017	-
Additions	29.4
At 31 March 2018	29.4
Net book value:	
At 31 March 2018	29.4
At 31 December 2016	-

8 Trade and other receivables: current

	31 March 2018 £m	31 December 2016 £m
Other receivables	0.1	-
	0.1	-

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the period ended 31 March 2018

9 Trade and other payables: current

	31 March 2018 £m	31 December 2016 £m
Other trade payables	0.3	-
Accrued expenses due to related parties	2.6	-
Other accrued expenses	0.9	-
	<u>3.8</u>	<u>-</u>

10 Interest bearing loans and borrowings

	31 March 2018 £m	31 December 2016 £m
Non-current liabilities		
Loans and borrowings due to related parties	23.0	-
	<u>23.0</u>	<u>-</u>

	31 March 2018 £m	31 December 2016 £m
Payables: falling due more than two years		
Shareholder Loan - SSE	11.5	-
Shareholder Loan - Equinor	11.5	-
Total	<u>23.0</u>	<u>-</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 £25.6m. The difference includes a capital contribution of £3.2m (note 12) and interest of £0.5m (note 4).

	Loans and borrowings £m
Changes from financing cash flows	
Proceeds from loans and borrowings	26.2
Total changes from financing cash flows	<u>26.2</u>
Changes in fair value	<u>(3.2)</u>
	<u>(3.2)</u>
Balance as at 31 March 2018	<u>23.0</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the period ended 31 March 2018

11 Capital and reserves

	31 March 2018	31 December 2016
	£	£
Equity:		
Allotted, called up and fully paid:		
8 ordinary shares of £1.00 each	8	8
	<u>8</u>	<u>8</u>

12 Capital Contribution

The capital contribution of £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.

13 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:

	31 March 2018	31 March 2018	31 March 2018
	Carrying amount	Contractual cash flows	1 to < 2 years
	£m	£m	£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>

	31 December 2016	31 December 2016	31 December 2016
	Carrying amount	Contractual cash flows	1 to < 2 years
	£m	£m	£m
Non-derivative financial liabilities			
Loans and borrowings	-	-	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)* for the period ended 31 March 2018

(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:

	31 March 2018 Carrying Value £m	31 March 2018 Fair Value £m
Financial Assets		
Trade and other receivables	0.1	0.1
Financial Liabilities		
Trade and other payables	3.8	3.8
Loans and other borrowings	23.0	23.0

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

14 Related party transactions

	Transfer of loans 31 March 2018 £m	Transfer of loans 31 December 2016 £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	-
	<u>25.6</u>	-

On 31 August 2017, the Company wholly acquired six subsidiaries as detailed above. These subsidiaries had the development costs in Greylke 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.

	Payables outstanding 31 March 2018 £m	Payables outstanding 31 December 2016 £m
SSE Renewables Developments (UK) Limited	1.0	-
Equinor New Energy Limited	1.6	-
	<u>2.6</u>	-

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes on the Financial statements *(continued)*

for the period ended 31 March 2018

14 Related party transactions *(continued)*

i) Recharges have been made by SSE Renewables Developments (UK) Limited (a subsidiary of SSE plc, the ultimate parent Company of SSE Renewables Offshore Windfarm Holdings 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 period ended 31 March 2018, the Company was charged £0.7m by SSE Renewables Developments (UK) Limited in respect of these costs. At the period end there were payables outstanding of £0.7m due to SSE Renewables Developments (UK) Limited in respect of these costs.

ii) 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 period ended 31 March 2018, the Company was charged £1.6m by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £1.6m due to Equinor New Energy Limited in respect of these costs.

iii) 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.