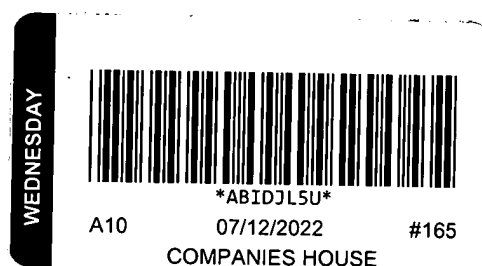


Registration number: 07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022



# **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

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# **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

## **Company Information**

### **Directors**

Trine Borum Bojsen

Halfdan Brustad

Paul Cooley

Alessandro Della Zoppa

Barry O'Regan

Anders Opaker

Annant Shah

Olav Hetland

### **Registered office**

No.1 Forbury Place

43 Forbury Road

Reading

United Kingdom

RG1 3JH

### **Auditors**

Ernst and Young LLP

G1 Building

5 George Square

Glasgow

G2 1DY

# **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

## **Strategic Report for the Year Ended 31 March 2022**

The directors submit their report and audited financial statements of the company for the year ended 31 March 2022.

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 2022, 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 Dogger Bank projects, Dogger Bank A, Dogger Bank B and Dogger Bank C are being delivered, with Doggerbank Offshore Wind Farm Project 1 Projco Limited taking forward the 1,200MW Dogger Bank A project. The Company is a joint venture 40% owned by SSE Renewables Offshore Windfarm Holdings Limited, 40% owned by Equinor New Energy Limited and 20% owned by Eni North Sea Wind Limited.

### **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. In January 2020 onshore construction works began, satisfying a critical consent condition to commence these works before 11 March 2020.

Through achieving Financial Close in the prior year the project was also able to satisfy its Milestone Requirement under its CfD Agreement. Achieving this milestone ensures the CfD remains valid and in place, allowing construction to continue.

At Financial Close the Company secured all of the senior debt and equity funding required to construct the project, all financing terms were fully agreed and the funds 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.

In September 2020 the company DB Operational Base Limited was incorporated to cover all contracts and maintenance operations related to the Dogger Bank projects through its operations base. The company was incorporated to be equally owned and shared by Dogger Bank A and B. In December 2021 Dogger Bank C achieved Financial Close, since then the ownership has been updated to be equally owned and shared by Dogger Bank A, Dogger Bank B and Dogger Bank C. The operations base construction started in the last quarter of 2021, expected to be completed in the last quarter of 2022.

The focus of the Company during the year to 31 March 2022 was to continue with the construction works. This has included the ongoing construction of the onshore convertor station and onshore cable route; fabrication of the offshore platform, export cable, array cable and foundations; fabrication of blades and the early stages of fabrication of turbine towers and nacelles; preparation for offshore installation works; discharging of consent conditions in accordance with the requirement of relevant consents and licences; and undertaking various surveys required for offshore installation works.

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Strategic Report for the Year Ended 31 March 2022 (continued)**

#### **Business performance overview**

The income statement for the period ended 31 March 2022 is set out on page 11. The loss for the period for the Company was £nil (2021: loss £5.1m). The Statement of Financial position as at 31 March 2022 is set out on page 13 and indicates net assets for the Company £105.2m (2021: net liabilities £8.8m).

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

	<b>2022</b>	<b>2021</b>
<b>Financial</b>	<b>£m</b>	<b>£m</b>
Assets under construction	1,313.1	652.0
Net assets/(liabilities)	105.2	(8.8)

#### **Principal risks and uncertainties**

The principal risks facing the Company in the short to medium term are cost overruns, construction delays 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;
- 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 SSE'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, including contingency funding which is available in the event of cost overruns;
- 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.

#### **Brexit**

On 31 December 2020, the UK transitioned out of the European Union. The Directors have assessed that due to the nature of the Company's operations the impact of Brexit has been minimal, and is expected to continue to be, minimal.

#### **Assessing the impact of coronavirus**

The Directors have considered the impact of coronavirus on the current and future prospects of the Company. Due to the operations of the Company, the virus has had limited impact. The Directors have considered the impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern.

**Doggerbank Offshore Wind Farm Project 1 Projco Limited**  
**Strategic Report for the Year Ended 31 March 2022 (continued)**

**Assessing the impact of the war in Ukraine**

The Directors are closing monitoring the impact of the war in Ukraine on both project schedule and costs impact. No changes to key project milestones have been identified as a direct result of the war and any other impact has been minimal.

Approved by the Board on 30 November 2022 and signed on its behalf by:



.....  
Barry O'Regan  
Director

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Directors' Report for the Year Ended 31 March 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

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 (2021: £nil).

#### **Directors' of the company**

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

Halfdan Brustad

Paul Cooley

Alessandro Della Zoppa

Barry O'Regan

Anders Opaker

Annant Shah (appointed 15 September 2021)

Luca De Caro (ceased 1 December 2021)

Marcello Poidomani (appointed 1 December 2021, ceased 14 October 2022)

Oystein Michelsen (ceased 16 May 2022)

Iwan Morgan (ceased 15 September 2021)

The following director was appointed after the year end:

Trine Borum Bojsen (appointed 16 May 2022)

Olav Hetland (appointed 14 October 2022)

#### **Political and charitable donations**

The Company made no charitable or political donations during the year (2021: £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 be completed in 2024.

#### **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 2022 (continued)**

#### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for a period to 31 December 2023 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 being the point at which all debt and equity to construct the windfarm is committed, was achieved in the prior year. Total forecast capital expenditure for the windfarm is c.£3bn. Total senior debt committed at Financial Close was 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. The project is scheduled to be fully operational in early 2024. The forecast operational life of each project is 35 years, and the financial forecasts show positive cashflows throughout the operations period with distributions being made to shareholders every semi-annual period. Achieving Financial Close therefore supports the going concern basis adopted.

#### **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:

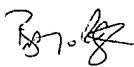
- putting in place appropriate arrangements or structures (that, in our opinion) are, designed to secure material compliance with the company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

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

#### **Auditor**

In accordance with Section 489 of the Companies Act 2006, Ernst & Young LLP will be re-appointed External Auditor for the Company for the year ending 31 March 2023, subject to approval by shareholders at the forthcoming Board of Directors meeting.

Approved by the Board on 30 November 2022 and signed on its behalf by:



.....  
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 UK-adopted international accounting standards ("IFRSs"). 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 in accordance with IAS 8 Accounting Policies, changes in Accounting Estimates and Errors and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Approved by the Board on 30 November 2022 and signed on its behalf by:



.....  
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 2022, 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 UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its performance for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received 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 directors' responsibilities statement 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.

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and Companies Act 2006) and relevant tax compliance regulations in the UK. We also determined there was no non-compliance with regulatory requirements, including the Office of Gas and Electricity Markets (Ofgem).
- We understood how Doggerbank Offshore Wind Farm Project 1 Projco Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We confirmed our enquiries through our review of board minutes, regulatory correspondence and papers provided to the joint venture board and SSE plc Audit Committee.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls, specifically around manual journals.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of legal counsel and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.

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](http://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.

*Ernst & Young LLP.*

.....  
Nicola McIntyre (Senior Statutory Auditor)  
For and on behalf of Ernst and Young LLP, Statutory Auditor

G1 Building, 5 George Square  
Glasgow, G2 1DY  
1<sup>st</sup> December 2022

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Income Statement for the Year Ended 31 March 2022**

	<b>Note</b>	<b>2022 £ m</b>	<b>2021 £ m</b>
Finance costs	4	-	(5.1)
Loss before tax		-	(5.1)
Loss for the year		-	(5.1)

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 2022**

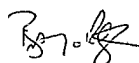
	<b>Note</b>	<b>2022 £ m</b>	<b>2021 £ m</b>
Loss for the year		-	(5.1)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Profit/(loss) on effective portion of cash flow hedges		151.2	(4.6)
Taxation on cashflow hedges		(37.2)	-
		114.0	(4.6)
Total comprehensive income for the year		114.0	(9.7)

The notes on pages 16 to 35 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 2022**

	Note	2022 £ m	2021 £ m
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,313.1	652.0
Right of use assets	9	84.6	92.5
Investments in subsidiaries, joint ventures and associates	11	4.2	-
Deferred costs	10	99.8	107.2
Deferred tax assets	7	-	1.9
Derivative financial assets	19	187.4	74.2
		<u>1,689.1</u>	<u>927.8</u>
<b>Current assets</b>			
Trade and other receivables	12	12.4	6.2
Cash and cash equivalents	13	40.3	27.4
Derivative financial assets	19	9.4	-
		<u>62.1</u>	<u>33.6</u>
<b>Total assets</b>		<u>1,751.2</u>	<u>961.4</u>
<b>Current liabilities</b>			
Trade and other payables	14	(111.0)	(26.1)
Loans and borrowings	16	(15.9)	(2.2)
Derivative financial liabilities	19	(33.6)	-
		<u>(160.5)</u>	<u>(28.3)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	16	(1,395.4)	(812.0)
Deferred income	15	(29.6)	(41.0)
Deferred tax liabilities	7	(35.3)	-
Derivative financial liabilities	19	(25.2)	(88.9)
		<u>(1,485.5)</u>	<u>(941.9)</u>
<b>Total liabilities</b>		<u>(1,646.0)</u>	<u>(970.2)</u>
<b>Net assets/(liabilities)</b>		<u>105.2</u>	<u>(8.8)</u>
<b>Equity</b>			
Hedge reserve		105.9	(8.1)
Capital contribution	18	10.1	10.1
Retained deficit		<u>(10.8)</u>	<u>(10.8)</u>
<b>Total equity</b>		<u>105.2</u>	<u>(8.8)</u>

Approved by the Board on 30 November 2022 and signed on its behalf by:



Barry O'Regan  
Director

The notes on pages 16 to 35 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 2022**

	<b>Share capital £ m</b>	<b>Retained deficit £ m</b>	<b>Capital contribution £ m</b>	<b>Hedge Reserve £ m</b>	<b>Total £ m</b>
At 1 April 2020	-	(5.7)	7.6	(3.5)	(1.6)
Loss for the year	-	(5.1)	-	-	(5.1)
Other comprehensive loss	-	-	-	(4.6)	(4.6)
Capital contribution	-	-	2.5	-	2.5
At 31 March 2021	-	(10.8)	10.1	(8.1)	(8.8)

	<b>Share capital £ m</b>	<b>Retained deficit £ m</b>	<b>Capital contribution £ m</b>	<b>Hedge Reserve £ m</b>	<b>Total £ m</b>
At 1 April 2021	-	(10.8)	10.1	(8.1)	(8.8)
Other comprehensive profit	-	-	-	114.0	114.0
At 31 March 2022	-	(10.8)	10.1	105.9	105.2

The notes on pages 16 to 35 form an integral part of these financial statements.



# Doggerbank Offshore Wind Farm Project 1 Projco Limited

## Statement of Cash Flows for the Year Ended 31 March 2022

		(As restated)	
	Note	2022 £ m	2021 £ m
<b>Cash flows from operating activities</b>			
Loss for the year		-	(5.1)
Adjustments to cash flows from non-cash items			
Non cash interest/unwinding of discount	4	-	5.1
Working capital adjustments			
(Increase)/decrease in trade and other receivables	12	(6.2)	6.9
Increase in trade and other payables	14	84.9	6.6
(Decrease)/increase in lease liability	22	-	-
Decrease/(increase) in deferred costs	10	-	(107.2)
(Decrease)/increase in deferred income	15	-	41.0
Net cash flow from operating activities		78.7	(52.7)
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment	8	(661.1)	(447.0)
Acquisition of intangible assets		-	(94.0)
Acquisition of investments in joint ventures and associates	11	(4.2)	-
Other cost additions - Right of use asset	9	-	-
Net cash flows from investing activities		(665.3)	(541.0)
<b>Cash flows from financing activities</b>			
Proceeds from other borrowing draw downs	16	601.0	728.1
Repayment of other borrowing		-	(114.0)
Payments to finance lease creditors			(7.5)
Net cash flows from financing activities		601.0	606.6
Net increase in cash and cash equivalents		14.4	12.9
Cash and cash equivalents at 1 April		27.4	9.9
Portion of effective hedge recognised in other comprehensive income		(1.5)	4.6
Cash and cash equivalents at 31 March		40.3	27.4

The notes on pages 16 to 35 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 2022**

### **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

### **2 Accounting policies**

The company financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

#### **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) and those parts of the Companies Act 2014 which are applicable to companies reporting under IFRS (UK adopted international accounting standards). 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.

The financial statements of the Company are presented in pounds sterling, rounded to £m.

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

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds Before Intended Use' is effective from 1 January 2022 and was endorsed by the UK Endorsement Board in April 2022, subsequent to the balance sheet date. The standard will be applied from 1 April 2022 and will be applicable to any pre-commissioning revenue earned during the testing and commissioning phase expected to commence in 2023

IFRS 17 'Insurance Contracts' is expected to be effective from 1 April 2023 for the Company. 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. 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 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern (continued)**

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for a period to 31 December 2023 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 being the point at which all debt and equity to construct the windfarm is committed, was achieved in the prior year. Total forecast capital expenditure for the windfarm is c.£3bn. Total senior debt committed at Financial Close was 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 and is supported by credit support. 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. The project is scheduled to be fully operational in early 2024. The forecast operational life of each project is 35 years, and the financial forecasts show positive cashflows throughout the operations period with distributions being made to shareholders every semi-annual period. Achieving Financial Close therefore supports the going concern basis adopted.

##### **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.

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.

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Property, plant and equipment**

###### *Owned assets*

Assets under construction that are commissioned and enter operation in the financial year are transferred to operational assets in the disclosure. Assets under construction are recorded at cost. The cost of self-constructed assets includes the cost of materials, direct labour and other directly attributable costs. Where the asset is a qualifying asset, for which a considerable period of time is required to prepare the asset for use or sale, borrowing costs will be capitalised as part of the asset's cost. Assets under construction are not depreciated, until the project is finalised and transferred to PP&E.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

###### *Rights of use assets*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

##### **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.

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **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.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

##### **Financial instruments**

##### **Initial recognition**

The Company uses a range of financial instruments to hedge exposures to financial risks, such as interest rate and foreign exchange fluctuations in its normal course of business and in accordance with the Group's risk management policies.

The existing hedge accounting model under IAS 39 appropriately reflects our risk management activities in the financial statements. Therefore, as permitted by IFRS 9, the Company has elected to apply the hedge accounting requirements of IAS 39. This policy choice will be periodically reviewed to consider any changes in our risk management activities.

##### **Interest rate and derivatives**

##### *Interest rate and foreign exchange derivatives*

Derivative financial instruments are used by the Company to hedge interest rate and currency exposures. All such derivatives are recognised at fair value and are re-measured to fair value each reporting period. Certain derivative financial instruments are designated as being held for hedging purposes. The designation of the hedge relationship is established at the inception of the hedge and procedures are applied to ensure the derivative is highly effective in achieving its objective and that the effectiveness of the hedge can be reliably measured. The treatment of gains and losses on re-measurement is dependent on the classification of the hedge and whether the hedge relationship is designated as either a 'fair value' or 'cash flow' hedge.

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **2 Accounting policies (continued)**

A derivative classified as a 'cash flow' hedge recognises the portion of gains or losses on the derivative which are deemed to be effective directly in equity in the hedge reserve. Any ineffective portion of the gains or losses is recognised in the income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At the point of discontinuation, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction affects profit or loss. On settlement, the cumulative gain or loss recognised in equity is recognised in the income statement.

#### **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.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 3 Prior Year Adjustment

During the current year a prior period adjustment was identified. Movements in the right of use asset and lease liability has not been correctly presented in the Statement of Cash Flows. The adjustment has the effect of decreasing the net cash flows from operating activities by £86.1m, increasing the net cash flows from investing activities by £93.6m, and decreasing the net cash flows from financing activities by £7.5m.

There has been no change to the net cash balance at opening or closing.

#### Statement of Cash Flows for the Year Ended 31 March 2021

	Originally Reported	Adjustments	Restated 2021
	£m	£m	£m
Loss for the year	(5.1)		(5.1)
Adjustments to cash flows from non-cash items			
Non cash interest/unwinding of discount	5.1		5.1
Working capital adjustments			
Increase in trade and other receivables	6.9		6.9
Increase/(decrease) in trade and other payables	6.6		6.6
(Decrease)/increase in lease liability	86.1	(86.1)	-
Decrease/(increase) in deferred costs	(107.2)		(107.2)
(Decrease)/increase in deferred income, including government grants	41.0		41.0
Net cash flow from operating activities	33.4	(86.1)	(52.7)
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment	(448.1)	1.1	(447.0)
Acquisition of intangible assets	(94.0)		(94.0)
Acquisition of investments in joint ventures and associates	-		-
Other cost additions - Right of use assets	(92.5)	92.5	-
Net cash flows from investing activities	(634.6)	93.6	(541.0)
<b>Cash flows from financing activities</b>			
Proceeds from other borrowing draw downs	728.1		728.1
Repayment of other borrowing	(114.0)		(114.0)
Payments to finance lease creditors		(7.5)	(7.5)
Net cash flows from financing activities	614.1	(7.5)	606.6
Net increase/(decrease) in cash and cash equivalents	12.9	-	12.9
Cash and cash equivalents at 1 April	9.9		9.9
Portion of effective hedge recognised in other comprehensive income	4.6		4.6
Cash and cash equivalents at 31 March	27.4	-	27.4

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **4 Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£ m</b>	<b>£ m</b>
<b>Finance costs</b>		
Deemed interest on below market rate shareholder loans	-	(5.1)

#### **5 Auditor's remuneration**

The company incurred an audit fee of £25,380 (2021: £23,500). The company has also borne the audit fee of the parent company, Doggerbank Offshore Wind farm Project 1 Holdco Limited, of £10,800 (2021: £10,000).

#### **6 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.



## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 7 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

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

	2022 £ m	2021 £ m
Loss before tax	-	(5.1)
Corporation tax at standard rate	-	(1.0)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	1.0
Total tax charge/(credit)	-	-

#### Deferred taxation

	2022 £ m	2021 £ m
<b>Deferred tax assets/(liabilities)</b>		
<b>Asset/(liability) at end of period</b>	(35.3)	1.9

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% which represents the future corporation tax rate that was enacted at the balance sheet date. This resulted a deferred tax charge of £37.2m.

Deferred tax movements during the year:

	At 1 April 2021 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2022 £ m
Property, plant and equipment	-	(10.9)	-	(10.9)
Derivative financial instruments	1.9	-	(37.2)	(35.3)
Tax losses	-	10.9	-	10.9
	1.9	-	(37.2)	(35.3)

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 8 Property, plant and equipment

	Assets under construction £ m	Total £ m
<b>Cost or valuation</b>		
At 1 April 2020	-	-
Additions	448.1	448.1
Transfers	203.9	203.9
At 31 March 2021	<u>652.0</u>	<u>652.0</u>
At 1 April 2021	652.0	652.0
Additions	661.1	661.1
At 31 March 2022	<u>1,313.1</u>	<u>1,313.1</u>
<b>Carrying amount</b>		
At 31 March 2022	<u>1,313.1</u>	<u>1,313.1</u>

#### 9 Right of use assets

	Total £ m
<b>Cost or valuation</b>	
At 1 April 2021	93.3
Changes in valuation in the year.	(5.7)
At 31 March 2022	<u>87.6</u>
<b>Depreciation</b>	
At 1 April 2021	0.8
Other depreciation charge for year	2.2
At 31 March 2022	<u>3.0</u>
<b>Carrying amount</b>	
At 31 March 2022	<u>84.6</u>

#### 10 Deferred Costs

Deferred costs relate to:

- Interest Rate Swaps arranged prior to Financial Close which were restructured at Financial Close. The restructuring at Financial Close involved terminating the off-market pre-Financial Close swaps and simultaneously entering into on-market swaps for the Project's full interest rate exposure. The mark-to-market position on the pre-Financial Close swaps that was crystallised at Financial Close is being amortised over the life of the derivative.

- Deferred Upfront Fees, paid at Financial Close. These are charged to the Project on a straight line basis over the life of the Facility. Once the Project becomes operational the costs are charged as expenses.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 10 Deferred Costs (continued)

	2022	2021
	£m	£m
<b>Interest Rate Swap terminated at Financial Close</b>		
Generation	13.9	14.7
Transmission	5.5	7.6
Total Interest Rate Swaps deferred costs	<u>19.4</u>	<u>22.3</u>
<b>Deferred Upfront fees costs</b>		
Generation Term Loan	16.9	17.9
Generation BPI Facility	25.5	26.9
Generation GIEK Facility	2.1	2.2
Generation EKN Facility	25.3	26.8
Transmission Revolving Credit Facility	3.6	3.7
Transmission Term Loan	7.0	7.4
Total Deferred Upfront fees costs	<u>80.4</u>	<u>84.9</u>
<b>Total Deferred Costs</b>	<u>99.8</u>	<u>107.2</u>

#### 11 Investments

Details of the subsidiaries as at 31 March 2022 are as follows:

Name of subsidiary	Registered address (key)	Proportion of ownership interest and voting rights held	
		2022	2021
DB OPERATIONAL BASE LIMITED*	One Kingdom Street, London, United Kingdom, W2 6BD	33.3%	50%

\* indicates direct investment of the company

In September 2020 the company DB Operational Base Limited was incorporated to be equally owned and shared by Doggerbank Offshore Windfarm Project 1 Projco Limited and Doggerbank Offshore Windfarm Project 2 Projco Limited. In December 2021 Doggerbank Offshore Windfarm Project 3 Projco Limited achieved Financial Close, since then the ownership has been updated to be equally owned and shared by Doggerbank Offshore Windfarm Project 1 Projco Limited, Doggerbank Offshore Windfarm Project 2 Projco Limited and Doggerbank Offshore Windfarm Project 3 Projco Limited. The incorporated company will cover all contracts, maintenance operations relating to the operations base which is under construction, for the Dogger Bank projects. As at 31 Mar 2022 the balance represents the funding provided (including interest at 7%), for the construction of the operations base

The additions in the period relate to cash injection to DB Operational Base Limited which occurred from the point Doggerbank Offshore Windfarm Project 3 Projco Limited entered the ownership structure. In the prior year there had been £nil cashflow from the Company to DB Operational Base Limited.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 11 Investments (continued)

##### Associates

	£ m
<b>Cost or valuation</b>	
At 1 April 2021	-
Additions	4.2
At 31 March 2022	4.2
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 March 2022	4.2

#### 12 Trade and other receivables

	2022 £ m	2021 £ m
Receivables from related parties	0.2	3.3
Prepayments	8.5	-
Other receivables	3.7	2.9
	12.4	6.2

The Company has provided services to Doggerbank Offshore Wind Farm Project 2 Projco Limited and Doggerbank Offshore Wind Farm Project 3 Projco Limited during the year to 31 March 2022. The amount does not bear interest and is repayable on demand.

#### 13 Cash and cash equivalents

	2022 £ m	2021 £ m
Cash at bank	40.3	27.4

#### 14 Trade and other payables

*Amounts falling due within one year*

	2022 £ m	2021 £ m
Trade payables	28.9	-
Accrued expenses	77.5	18.6
Payables due to related parties	4.6	7.5
	111.0	26.1

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 14 Trade and other payables (continued)

Accrued expenses to related parties relate to services received from SSE Renewables Developments (UK) Limited and Equinor New Energy Limited during the year to 31 March 2022. The amount does not bear any interest and is repayable on demand.

#### 15 Deferred Income

Deferred Income relates to Foreign Exchange trades arranged prior to Financial close which were restructured at Financial Close. The restructuring at Financial Close involved terminating the off-market pre-Financial Close Foreign Exchange hedges and simultaneously entering into on-market Foreign Exchange hedges for the Project's full Foreign Exchange exposure over the construction period. The mark-to-market position on the pre-Financial Close hedges that was crystallised at Financial Close is being amortised to the Project over the construction period based on the profile of Foreign Exchange forward settlements during the construction period.

	2022	2021
	£m	£m
<b>Foreign Exchange hedges arranged prior to Financial Close settled at Financial Close</b>		
EUR	19.4	24.0
NOK	(0.1)	(0.1)
SEK	10.8	19.0
THB	(0.1)	(0.9)
USD	(0.4)	(1.0)
<b>Total Deferred Income</b>	<u>29.6</u>	<u>41.0</u>

#### 16 Loans and borrowings

	2022	2021
	£ m	£ m
<b>Current Liabilities</b>		
Senior Debt	13.9	-
Finance lease liability	2.0	2.2
	<u>15.9</u>	<u>2.2</u>
<b>Non Current liabilities</b>		
Senior Debt	1,315.2	728.1
Finance lease liabilities	80.2	83.9
	<u>1,395.4</u>	<u>812.0</u>

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 16 Loans and borrowings (continued)

	Year of Maturity	2022	2021
		£m	£m
<b>Falling due within one year</b>			
Revolving VAT Facility	2023	13.9	-
		<b>13.9</b>	<b>-</b>
<b>Falling due within two and five years</b>			
Generation Term Loan	2039	100.2	60.2
Generation BPI Facility	2039	42.7	25.7
Generation GIEK Facility	2039	21.4	12.9
Generation EKN Facility	2039	42.7	25.7
<b>Transmission Revolving Credit</b>	2024	184.2	97.7
Transmission Term Loan	2024	368.5	195.5
Revolving VAT Facility	2023	-	4.8
		<b>759.7</b>	<b>422.5</b>
<b>Falling due more than five years</b>			
Generation Term Loan	2039	268.8	147.9
Generation BPI Facility	2039	114.7	63.1
Generation GIEK Facility	2039	57.3	31.5
Generation EKN Facility	2039	114.7	63.1
		<b>555.5</b>	<b>305.6</b>
<b>Total</b>		<b>1,329.1</b>	<b>728.1</b>

Financial Close was achieved in November 2020, each of the facilities charge interest at a floating rate. At Financial Close, interest rate swaps were entered into for the lifetime of each facility.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 16 Loans and borrowings (continued)

	Loans and borrowings £ m
<i>Changes from financing cash flows</i>	
Proceeds from loans and borrowings	601.0
Total changes from financing activities	601.0

#### 17 Share capital

##### Authorised, allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	8	8	8	8

#### 18 Capital contribution

The capital contribution of £10.1m (2021: £10.1m) represents the difference between the initial fair value of the pre Financial Close shareholder loans in the Company and its face value. The shareholders loans were fully repaid at Financial Close.

#### 19 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 interest bearing loans and borrowings, and all financial derivatives, including estimated interest payments and excluding the effects of netting agreements:

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 19 Derivatives and financial instruments (continued)

##### i Risk (continued)

	2022	2022	2022	2022	2022	2022
	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
<b>Non derivative financial liabilities</b>						
Loans and borrowings	(1,411.3)	(1,583.8)	(38.3)	(21.2)	(821.2)	(703.1)
	(1,411.3)	(1,583.8)	(38.3)	(21.2)	(821.2)	(703.1)
<b>Derivative financial liabilities</b>						
Foreign Exchange trades used for currency hedging	(58.8)	(1,186.9)	(607.9)	(574.7)	(4.3)	-
<b>Total</b>	<b>(1,470.1)</b>	<b>(2,770.7)</b>	<b>(646.2)</b>	<b>(595.9)</b>	<b>(825.5)</b>	<b>(703.1)</b>
<b>Derivative financial assets</b>						
Interest Rates Swaps	196.8	196.8	9.4	9.4	28.3	149.7
	196.8	196.8	9.4	9.4	28.3	149.7
<b>Net total</b>	<b>(1,273.3)</b>	<b>(2,573.9)</b>	<b>(636.8)</b>	<b>(586.5)</b>	<b>(797.2)</b>	<b>(553.4)</b>

	2021	2021	2021	2021	2021	2021
	Carrying	Contractual	1 year or	1 to < 2	2 to < 5	Over 5
	amount	cash flows	less	years	years	years
	£m	£m	£m	£m	£m	£m
<b>Non derivative financial liabilities</b>						
Loans and borrowings	(812.0)	-	-	-	(422.5)	(389.5)
	(812.0)	-	-	-	(422.5)	(389.5)
<b>Derivative financial liabilities</b>						
Foreign Exchange trades used for hedging	(88.9)	(88.9)	(28.6)	(36.9)	(23.4)	-
<b>Total</b>	<b>(900.9)</b>	<b>(88.9)</b>	<b>(28.6)</b>	<b>(36.9)</b>	<b>(445.9)</b>	<b>(389.5)</b>

##### 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 2022 (continued)

#### 19 Derivatives and financial instruments (continued)

##### ii Fair values (continued)

###### Summary fair values

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

	2022	2022	2021	2021
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
<b>Financial assets</b>				
Trade and other receivables	12.4	12.4	6.2	6.2
Cash and cash equivalents	40.3	40.3	27.4	27.4
Derivative financial assets	196.8	196.8	74.2	74.2
<b>Financial liabilities</b>				
Trade and other payables	111.0	111.0	26.1	26.1
Loans and borrowings	1,411.3	1,411.3	812.0	812.0
Derivative financial liabilities	58.8	58.8	88.9	88.9

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

##### 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 assets and liabilities - Closing rate market values have been used to determine the fair value of interest rate swaps and foreign exchange forward contracts.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 19 Derivatives and financial instruments (continued)

##### ii Fair values (continued)

	2022	2022	2021	2021
	Level 1	Level 2	Level 1	Level 2
	£m	£m	£m	£m
<b>Financial assets</b>				
Cash	40.3	-	27.4	-
Derivative financial assets	-	196.8	-	74.2
	<b>40.3</b>	<b>196.8</b>	<b>27.4</b>	<b>74.2</b>
<b>Financial liabilities</b>				
Shareholder loan	-	-	-	-
Senior Debt	1,329.1	-	728.2	-
Derivative financial liabilities	-	58.8	-	88.9
	<b>1,329.1</b>	<b>58.8</b>	<b>728.2</b>	<b>88.9</b>

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 2022.

The foreign exchange hedges that were entered into at Financial Close in November 2020 included hedges relating to the foreign exchange exposure under the Company's turbine supply agreement. Due to the terms of the turbine supply agreement the Company was required to enter into back-to-back hedges for a portion of these hedges, shortly after Financial Close. The original hedge contracts and the back-to-back hedge contracts are accounted for at the gross Mark to Market position as at 31 Mar 2021. A formal netting agreement was signed between the Company and the hedging bank in May 2021, therefore for the year ended 31 March 2022 and all future reporting periods, these aforementioned hedge contracts will be accounted for on a net basis.

#### 20 Capital commitments

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

	2022	2021
	£ m	£ m
Capital expenditure: contracted but not provided	1,455.8	2,276.1

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 21 Related party transactions

	2022	2022	2021	2021
	Receivables outstanding	Payables outstanding	Receivables outstanding	Payables outstanding
	£m	£m	£m	£m
SSE Renewables Developments (UK) Ltd	-	2.5	-	3.6
Equinor New Energy Limited	-	2.1	-	3.9
Doggerbank Offshore Wind Farm Project 2 Projco Ltd	0.1	-	2.7	-
Doggerbank Offshore Wind Farm Project 3 Projco Ltd	0.1	-	0.6	-
	<b>0.2</b>	<b>4.6</b>	<b>3.3</b>	<b>7.5</b>

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 recharges 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 2022, the Company was charged £8.1m (2021: £10.2m) by SSE Renewables Developments (UK) Limited in respect of these costs. At the period end there were payables outstanding of £2.5m (2021: £3.6m) due to SSE Renewables Developments (UK) Limited in respect of these costs.

ii) Payables outstanding to Equinor New Energy Limited are in relation to 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 2022, the Company was charged £6.1m (2021: £7.5m) by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £2.1m (2021: £3.9m) 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 2022. At the period end there were receivables outstanding of £0.1m (2021: £2.7m) due to the Company in respect of these services. The amount does not bear any interest and is repayable on demand.

iv) The Company has provided services to Doggerbank Offshore Wind Farm Project 3 Projco Limited during the year to 31 March 2022. At the period end there were receivables outstanding of £0.1m (2021: £0.6m) due to the Company in respect of these services. The amount does not bear any interest and is repayable on demand.

v) 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 2022 (continued)**

#### **22 Obligations under leases and hire purchase contracts**

##### **Finance leases**

The present values of future finance lease payments are analysed as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ m</b>	<b>£ m</b>
Current liabilities	(2.0)	(2.2)
Non-current liabilities	(80.2)	(83.9)
	<u>82.2</u>	<u>86.1</u>

##### **Lease liability maturity analysis**

	<b>2022</b>	<b>2021</b>
	<b>£ m</b>	<b>£ m</b>
Between one and five years	14.8	9.8
After five years	109.4	126.3
Less: future finance charges	(42.0)	(50.0)
Present value of lease obligations	<u>82.2</u>	<u>86.1</u>

#### **23 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.

## **Doggerbank Offshore Wind Farm Project 1 Projco Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **24 Post Balance Sheet Event**

##### **i Shareholder ownership**

The Company is a joint venture 40% owned by SSE Renewables Offshore Windfarm Holdings Limited, 40% owned by Equinor New Energy Limited and 20% owned by Eni North Sea Wind Limited. As at 31 March 2022, the ultimate parent company of Eni North Sea Wind Limited was Eni S.p.A., the ultimate parent company of the Plenitude group. In October 2022, Vårgrønn, a joint venture between Plenitude and HitecVision, acquired Plenitude's 20% stake in Dogger Bank Wind Farm. Vårgrønn AS is owned directly by Eni Energy Solutions B.V. (35%) and HV Storm Holding AS (35%).

##### **ii Electricity Generator Levy**

On the 12 October 2022 the UK government announced the Energy Prices Bill which is intended to provide support for winter 2022 energy bills through the Energy Price Guarantee to domestic consumers and through the Energy Bill Relief Scheme for businesses and non-domestic consumers. These took effect from 1 October 2022. On the 17 November 2022 the UK government announced the Electricity Generator Levy which is intended to ensure electricity generators make an appropriate contribution to the substantial cost of support provided through the Energy Prices Bill.

The Electricity Generator Levy is a time-limited measure proposed to apply a limit to revenue that low-carbon generators can generate from renewable sources in England, Wales and Northern Ireland. The levy will not apply to electricity that is generated under a Contract for Difference entered into with the Low Carbon Contracts Company Ltd (LCCC). The exact scope and requirements of this scheme remain under consultation at the date of signing. The Electricity Generator Levy has no impact on the Financial Statements for the year ended 31 March 2022.