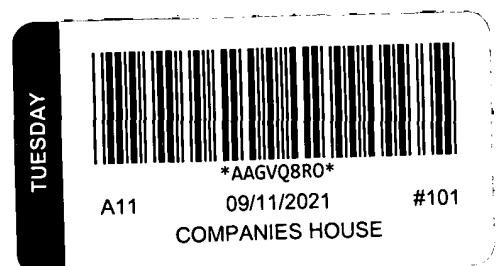


Registration number: 07791991

**Doggerbank Offshore Wind Farm Project 1 Projco Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 March 2021**



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

**Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 10
Income Statement	11
Statement of Comprehensive Income	12
Statement of Financial Position	13 to 14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 33

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

### **Company Information**

#### **Directors**

Halfdan Brustad  
Paul Cooley  
Luca De Caro  
Alessandro Della Zoppa  
Oystein Michelsen  
Iwan Morgan  
Barry O'Regan  
Anders Opaker

#### **Registered office**

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

#### **Auditors**

Ernst and Young LLP  
G1 Building, 5 George Square  
5 George Square  
Glasgow  
G2 1DY

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

### **Strategic Report for the Year Ended 31 March 2021**

The directors submit their report and audited financial statements of the company for the year ended 31 March 2021.

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 2021, 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 (formerly named Creyke Beck A, Creyke Beck B and Teeside A respectively) are being delivered, with Doggerbank Offshore Wind Farm Project 1 Projco Limited taking forward the 1,200MW Dogger Bank A project. From August 2017 to December 2020 the project was delivered by a two way 50:50 joint venture between SSE and Equinor. In February 2021 Eni North Sea Wind Limited completed the purchase of 20% of the Company shares, following which the Company has been 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. During 2020 the Company focus has been to conclude and finalise contract negotiations with its major contractors and to reach Financial Close. All remaining major contracts were signed during the year and Financial Close was achieved on 25 November 2020. Reaching Financial Close means that the Company has secured all of the senior debt and equity funding required to construct the project. All financing terms are fully agreed and the funds are committed.

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

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

By going through Financial Close the project 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. Following Financial Close construction phase works have progressed under all the major construction contracts.

In September 2020 the company DB Operational Base Limited was incorporated to be equally owned and shared by Dogger Bank A and B. The newly incorporated company will cover all contracts, maintenance operations relating to the operations base which will be constructed for the Dogger Bank projects. As at March 2021 no costs have been incurred yet. It is anticipated the activities will start during the third quarter in 2021.

#### **Business performance overview**

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Strategic Report for the Year Ended 31 March 2021 (continued)

The income statement for the period ended 31 March 2021 is set out on page 11. The loss for the period for the Company was £5.1m (2020: loss £3.6m). The Statement of Financial position as at 31 March 2021 is set out on page 13 and indicates net liabilities for the Company £8.8m (2020: £1.6m).

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

£m	2021	2020
<b>Financial</b>		
Intangible assets	-	109.9
Assets under construction	652.0	-
Net (liabilities)	(8.8)	(1.6)

The intangible assets at 31 March 2021 comprise development costs incurred prior to Financial Close.

#### Principal risks and uncertainties

The principal risks facing the Company in the short to medium term are cost overruns, construction delays, 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;
- 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.

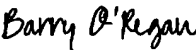
#### Brexit

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.

Approved by the Board on 28 September 2021 and signed on its behalf by:

DocuSigned by:  
  
 D81CCDE152814A0.....  
 Barry O'Regan  
 Director

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

### **Directors' Report for the Year Ended 31 March 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

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 (2020: £nil).

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

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

Halfdan Brustad

Paul Cooley

Luca De Caro (appointed 26 February 2021)

Alessandro Della Zoppa (appointed 26 February 2021)

Oystein Michelsen (appointed 7 February 2021)

Iwan Morgan

Barry O'Regan

Stephen Bull (ceased 6 February 2021)

Harald Eliassen (ceased 29 April 2020)

Anders Opaker (appointed 29 April 2020)

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

The Company made no charitable or political donations during the year (2020: £nil).

#### **Future developments**

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

#### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

### **Directors' Report for the Year Ended 31 March 2021 (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 30 September 2022 following approval of the financial statements. In performing their assessment, the Directors have considered the future financial plans of the Company and its ability to access necessary funding.

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

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

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

#### **Brexit**

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.

#### **Auditor**

In accordance with Section 489 of the Companies Act 2006, Ernst & Young will be re-appointed External Auditor for the Company for the year ending 31 March 2022, subject to approval by shareholders at the forthcoming Board of Directors meeting.

#### **Directors' compliance policy statement**

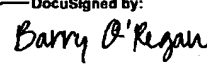
We, the directors of the company who held office at the date of approval of these Financial Statements are responsible for securing the company's compliance with its relevant obligations; and

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.

Approved by the Board on 28 September 2021 and signed on its behalf by:

DocuSigned by:  
  
D91C0BE152914A0.....  
Barry O'Regan  
Director

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

### **Statement of Directors' Responsibilities**

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

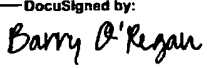
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 28 September 2021 and signed on its behalf by:

DocuSigned by:  
  
.....DB1GCDE152R14A0.....  
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 2021, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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 with 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 there is 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

### **Matters on which we are required to report by exception**

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

### **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.

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

- 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 revenue recognition.
- 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.
- We understood the relationship between Doggerbank Offshore Wind Farm Project 1 Projco Limited and its regulator, the Office of Gas and Electricity Markets (OFGEM), to understand their scope of authorisation and controls the entity has in place to meet their requirements. We requested copies of any correspondence with the regulator that is relevant to our audit and discussed ongoing regulatory matters with the directors.

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  
5 George Square  
Glasgow  
G2 1DY

29 September 2021

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

## **Income Statement for the Year Ended 31 March 2021**

	<b>Note</b>	<b>2021 £ m</b>	<b>2020 £ m</b>
Finance costs	3	<u>(5.1)</u>	<u>(3.6)</u>
Loss before tax		<u>(5.1)</u>	<u>(3.6)</u>
Loss for the year		<u>(5.1)</u>	<u>(3.6)</u>

The above results were derived from continuing operations.

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

**Statement of Comprehensive Income for the Year Ended 31 March 2021**

	Note	2021 £ m	2020 £ m
Loss for the year		<u>(5.1)</u>	<u>(3.6)</u>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Loss on effective portion of cash flow hedges		(4.6)	(4.3)
Taxation on cashflow hedges		<u>-</u>	<u>0.8</u>
		<u>(4.6)</u>	<u>(3.5)</u>
Total comprehensive income for the year		<u>(9.7)</u>	<u>(7.1)</u>

The notes on pages 17 to 33 form an integral part of these financial statements.

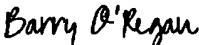
**Doggerbank Offshore Wind Farm Project 1 Projco Limited****(Registration number: 07791991)****Statement of Financial Position as at 31 March 2021**

	Note	2021 £ m	2020 £ m
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	652.0	-
Right of use assets	8	92.5	-
Intangible assets	9	-	109.9
Deferred costs	10	107.2	-
Deferred tax assets	6	1.9	0.8
Derivative financial assets	20	74.2	23.1
		<u>927.8</u>	<u>133.8</u>
<b>Current assets</b>			
Trade and other receivables	12	6.2	13.1
Cash and cash equivalents	13	27.4	9.9
		<u>33.6</u>	<u>23.0</u>
Total assets		<u>961.4</u>	<u>156.8</u>
<b>Current liabilities</b>			
Current portion of long term lease liabilities	23	(2.2)	-
Trade and other payables	14	(26.1)	(19.5)
Loans and borrowings	16	-	(111.5)
		<u>(28.3)</u>	<u>(131.0)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	(812.0)	-
Deferred income	15	(41.0)	-
Derivative financial liabilities	20	(88.9)	(27.4)
		<u>(941.9)</u>	<u>(27.4)</u>
Total liabilities		<u>(970.2)</u>	<u>(158.4)</u>
Net (liabilities)/assets		<u>(8.8)</u>	<u>(1.6)</u>
<b>Equity</b>			
Hedge reserve		(8.1)	(3.5)
Capital contribution		10.1	7.6
Retained earnings		<u>(10.8)</u>	<u>(5.7)</u>
Total equity		<u>(8.8)</u>	<u>(1.6)</u>

The notes on pages 17 to 33 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 2021 (continued)**

Approved by the Board on 28 September 2021 and signed on its behalf by:

DocuSigned by:  
  
D81GGDE162844A0.....  
Barry O'Regan  
Director



**Doggerbank Offshore Wind Farm Project 1 Projco Limited****Statement of Changes in Equity for the Year Ended 31 March 2021**

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

	Share capital £ m	Retained earnings £ m	Capital contribution £ m	Hedge Reserve £ m	Total £ m
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)

The notes on pages 17 to 33 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 2021**

	Note	2021 £ m	2020 £ m
<b>Cash flows from operating activities</b>			
Loss for the year		(5.1)	(3.6)
Adjustments to cash flows from non-cash items			
Non cash interest/unwinding of discount	3	5.1	2.9
Working capital adjustments			
Decrease/(increase) in trade and other receivables	12	6.9	(1.5)
Increase in trade and other payables	14	6.6	13.8
Increase in lease liability	23	86.1	-
Increase in deferred costs	10	(107.2)	-
Increase in deferred income	15	41.0	-
Net cash flow from operating activities		33.4	11.6
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment	7	(448.1)	-
Acquisition of intangible assets	9	(94.0)	(67.5)
Other cost additions - Right of use asset	8	(92.5)	-
Net cash flows from investing activities		(634.6)	(67.5)
<b>Cash flows from financing activities</b>			
Proceeds from other borrowing draw downs	17	728.1	59.5
Repayment of other borrowing		(114.0)	-
Net cash flows from financing activities		614.1	59.5
Net increase in cash and cash equivalents		12.9	3.6
Cash and cash equivalents at 1 April		9.9	6.3
Portion of effective hedge recognised in other comprehensive income		4.6	-
Cash and cash equivalents at 31 March		27.4	9.9

The notes on pages 17 to 33 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 2021**

#### **1 General information**

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

The address of its registered office is:

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

These financial statements were authorised for issue by the Board on 28 September 2021.

#### **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. They have been prepared under the assumption that the Company operates on a going concern basis.

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

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

*IFRS 17 'Insurance Contracts' effective from 1 April 2021 for the Company*

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 2021 (continued)**

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

##### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for a period to 30 September following approval of the financial statements. In performing their assessment, the Directors have considered the future financial plans of the Company and its ability to access necessary funding.

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

##### **Debt and finance costs**

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

##### **Finance income and costs policy**

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

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

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

##### **Foreign currency**

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

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

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

##### **Tax**

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

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

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

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

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

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

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

##### **Intangible assets**

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

##### **Cash and cash equivalents**

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

##### **Trade and other receivables**

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

##### *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.

##### **Trade payables**

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

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

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

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

##### **Interest-bearing loans and borrowings**

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

##### **Share capital**

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

##### **Critical accounting judgements and key sources of estimation uncertainty**

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

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

##### **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.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 2 Accounting policies (continued)

##### 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.

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.

#### 3 Finance costs

	2021 £ m	2020 £ m
<b>Finance costs</b>		
Deemed interest on below market rate shareholder loans	(5.1)	(2.9)
Foreign exchange losses	-	(0.7)
<b>Total finance costs</b>	<u>(5.1)</u>	<u>(3.6)</u>

#### 4 Auditor's remuneration

The company incurred an audit fee of £23,500 (2020: £23,000). The company has also borne the audit fee of the parent company, Doggerbank Offshore Wind farm Project 1 Holdco Limited, of £10,000 (2020: £8,000).

#### 5 Directors' remuneration

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

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

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 6 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

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

	2021 £ m	2020 £ m
Loss before tax	(5.1)	(3.6)
Corporation tax at standard rate	(1.0)	(0.7)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1.0	0.7
Total tax charge/(credit)	-	-

#### Deferred taxation

	2021 £ m	2020 £ m
<b>Deferred tax assets/(liabilities)</b>		
Deferred tax charge to equity for the period	1.9	0.8
<b>Asset at end of period</b>	1.9	0.8

#### 7 Property, plant and equipment

	Assets under construction £ m	Total £ m
<b>Cost or valuation</b>		
Additions	448.1	448.1
Transfers	203.9	203.9
At 31 March 2021	652.0	652.0
<b>Depreciation</b>		
<b>Carrying amount</b>		
At 31 March 2021	652.0	652.0

#### 8 Right of use assets



## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 8 Right of use assets (continued)

	Other £ m	Total £ m
<b>Cost or valuation</b>		
Additions	92.5	92.5
At 31 March 2021	92.5	92.5
<b>Depreciation</b>		
At 31 March 2021	-	-
<b>Carrying amount</b>		
At 31 March 2021	92.5	92.5

#### 9 Intangible assets

	Development Assets £ m
<b>Cost or valuation</b>	
At 1 April 2019	42.4
Additions	67.5
At 31 March 2020	109.9
At 1 April 2020	109.9
Additions	94.0
Transfer to tangible fixed assets	(203.9)
At 31 March 2021	-
<b>Carrying amount</b>	
At 31 March 2021	-
At 31 March 2020	109.9

#### 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 2021 (continued)

#### 10 Deferred Costs (continued)

	2021	2020
	£m	£m
<b>Interest Rate Swap terminated at Financial Close</b>		
Generation	14.7	-
Transmission	7.6	-
Total Interest Rate Swaps deferred costs	<u>22.3</u>	-
<b>Deferred Upfront fees costs</b>		
Generation Term Loan	17.9	-
Generation BPI Facility	26.9	-
Generation GIEK Facility	2.2	-
Generation EKN Facility	26.8	-
Transmission Revolving Credit Facility	3.7	-
Transmission Term Loan	7.4	-
Total Deferred Upfront fees costs	<u>84.9</u>	-
<b>Total Deferred Costs</b>	<u>107.2</u>	-

#### 11 Investments

Details of the subsidiaries as at 31 March 2021 are as follows:

Name of subsidiary	Registered address (key)	Proportion of ownership interest and voting rights held	
		2021	2020
DB OPERATIONAL BASE LIMITED*	One Kingdom Street, London, United Kingdom, W2 6BD	50%	0%

\* indicates direct investment of the company

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 11 Investments (continued)

In September 2020 the company DB Operational Base Limited was incorporated to be equally owned and shared by Dogger Bank A and B. The newly incorporated company will cover all contracts, maintenance operations relating to the operations base which will be constructed for the Dogger Bank projects. As at March 2021 no costs have been incurred yet. It is anticipated the activities will start during the third quarter in 2021.

#### 12 Trade and other receivables

	2021 £ m	2020 £ m
Receivables from related parties	3.3	11.0
Other receivables	2.9	2.1
	6.2	13.1

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 2021. The amount does not bear interest and is repayable on demand.

#### 13 Cash and cash equivalents

	2021 £ m	2020 £ m
Cash at bank	27.4	9.9

#### 14 Trade and other payables

*Amounts falling due within one year*

	2021 £ m	2020 £ m
Other accrued expenses	18.6	16.2
Accrued expenses due to related parties	7.5	3.3
	26.1	19.5

#### 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.

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 15 Deferred Income (continued)

	2021	2020
	£m	£m
<b>Foreign Exchange hedges arranged prior to Financial Close settled at Financial Close</b>		
EUR	24.0	-
NOK	(0.1)	-
SEK	19.0	-
THB	(0.9)	-
USD	(1.0)	-
<b>Total Deferred Income</b>	<u>41.0</u>	<u>-</u>

#### 16 Discount recognised during the year on new loans

	2021 £ m	2020 £ m
<b>Current loans and borrowings</b>		
Loans and borrowings due to related parties	<u>-</u>	<u>111.5</u>

	2021 £m	2020 £m
<b>Falling due within less than one year</b>		
Shareholder loan - SSE	-	55.75
Shareholder loan - Equinor	-	55.75
	<u>-</u>	<u>111.5</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. The total value of shareholder loans outstanding increased to £233.8m during the year and the loans were fully repaid at Financial Close in November 2020. The carrying value of shareholder loans at year end is £nil (2020: £114.1m). The movement during the year includes a capital contribution of £2.5m (2020: £2.0m (Note 19 ) that was recognised in respect of new loan amounts received during the year and deemed interest of £5.1m (2020: £2.9m) (note 3).

#### 17 Loans and borrowings

	2021 £ m	2020 £ m
<b>Non Current liabilities</b>		
Bank borrowings Senior Debt	728.1	-
Finance lease liabilities	83.9	-
	<u>812.0</u>	<u>-</u>

# Doggerbank Offshore Wind Farm Project 1 Projco Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 17 Loans and borrowings (continued)

	Year of Maturi ty	2021	2020
		£m	£m
<b>Falling due within two and five years</b>			
Generation Term Loan	2039	60.2	-
Generation BPI Facility	2039	25.7	-
Generation GIEK Facility	2039	12.9	-
Generation EKN Facility	2039	25.7	-
Transmission Revolving Credit	2024	97.7	-
Transmission Term Loan	2024	195.5	-
Revolving VAT Facility	2023	4.8	-
		<u>422.5</u>	-
<b>Falling due more than five years</b>			
Generation Term Loan	2039	147.9	-
Generation BPI Facility	2039	63.1	-
Generation GIEK Facility	2039	31.5	-
Generation EKN Facility	2039	63.1	-
		<u>305.6</u>	-
Total Senior Debt		<u>728.1</u>	-
Finance Lease liabilities	2059	83.9	-
		<u>812.0</u>	-

**Loans and  
borrowings  
£ m**

### *Changes from financing cash flows*

Proceeds from loans and borrowings

728.1

Total changes from financing activities

728.1

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 18 Share capital

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

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	8	8	8	8

#### 19 Capital contribution

The capital contribution of £10.1m (2020: £7.6m) represents the difference between the initial fair value of the shareholder loans in the Company and its face value.

#### 20 Derivatives and financial instruments

##### i Risk

##### Liquidity risk

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

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

	2021	2021	2021	2021	2021	2021
	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	(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>

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

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

##### i Risk (continued)

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

##### 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.

##### Summary fair values

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

	2021	2021	2020	2020
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
<b>Financial assets</b>				
Trade and other receivables	6.2	6.2	13.1	13.1
Cash and cash equivalents	27.4	27.4	9.9	9.9
Derivative financial assets	74.2	74.2	23.1	23.1
<b>Financial liabilities</b>				
Trade and other payables	26.1	26.1	19.5	19.5
Loans and borrowings	812.0	812.0	111.5	114.1
Derivative financial liabilities	88.9	88.9	27.4	27.4

## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

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

##### ii Fair values (continued)

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.

	2021	2021	2020	2020
	Level 1	Level 2	Level 1	Level 2
	£m	£m	£m	£m
<b>Financial assets</b>				
Cash	27.4	-	9.9	-
Derivative financial assets	-	74.2	-	23.1
	<u>27.4</u>	<u>74.2</u>	<u>9.9</u>	<u>23.1</u>
<b>Financial liabilities</b>				
Shareholder loan	-	-	-	111.5
Senior Debt	728.2	-	-	-
Derivative financial liabilities	-	88.9	-	27.4
	<u>728.2</u>	<u>88.9</u>	<u>-</u>	<u>138.9</u>

There were no significant transfers out of level 1 into level 2 and out of level 2 into level 1 during the year ended 31 March 2021.



## Doggerbank Offshore Wind Farm Project 1 Projco Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

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

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.

#### 21 Capital commitments

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

	2021 £ m	2020 £ m
Capital expenditure:contracted but not provided	2,276.1	121.2

#### 22 Related party transactions

	2021 Receivables Outstanding £m	2021 Payables outstanding £m	2020 Receivables outstanding £m	2020 Payables outstanding £m
SSE Renewables Developments (UK) Ltd	-	3.6	-	57.3
Equinor New Energy Limited	-	3.9	-	57.4
Doggerbank Offshore Wind Farm Project 2 Projco Ltd	2.7	-	11.0	-
Doggerbank Offshore Wind Farm Project 3 Projco Ltd	0.6	-	-	-
	<u>3.3</u>	<u>7.5</u>	<u>11.0</u>	<u>114.7</u>

i) Payables outstanding to SSE Renewables Developments (UK) Limited (a subsidiary of SSE plc, the ultimate parent Company of SSE Renewables Offshore Windfarm Holdings Limited) are in relation to shareholder loans up until Financial Close and recharges. The balance on the shareholder loan outstanding is £Nil (2020: £55.7m). Recharges have been made by SSE Renewables Developments (UK) Limited during the period, for the services provided by the personnel who have worked on the Doggerbank project, and other services provided under a management services agreement. During the year ended 31 March 2021, the Company was charged £10.2m (2020: £3.2m) by SSE Renewables Developments (UK) Limited in respect of these costs. At the period end there were payables outstanding of £3.6m (2020: £1.6m) due to SSE Renewables Developments (UK) Limited in respect of these costs.

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

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **22 Related party transactions (continued)**

ii) Payables outstanding to Equinor New Energy Limited are in relation to shareholder loans up until Financial Close and recharges. The balance on the shareholder loan outstanding is £Nil (2020: £55.7m). 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 2021, the Company was charged £7.5m (2020: £6.1m) by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £3.9m (2020: £1.7m) 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 2021. At the period end there were receivables outstanding of £2.7m (2020: £11.0m) 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 2021. At the period end there were receivables outstanding of £0.6m (2020: £nil) 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 2021 (continued)

#### 23 Obligations under leases and hire purchase contracts

##### Finance leases

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

	2021 £ m	2020 £ m
Current liabilities	(2.2)	-
Non-current liabilities	(83.9)	-
	86.1	-

##### Lease liability maturity analysis

	2021 £ m	2020 £ m
Between one and five years	9.8	-
After five years	126.3	-
Less: future finance charges	(50.0)	-
Present value of lease obligations	86.1	-

#### 24 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..