

Registration number: 07791991

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

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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
Paul Cooley
Anders Opaker
Olav Hetland
Kamala Hajiyevea
Stefano Sartirana
Steven Wilson
Nicholas Fitzpatrick

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 2023

The directors submit their report and audited financial statements for Doggerbank Offshore Wind Farm Project 1 Projco Limited (the "Company") for the year ended 31 March 2023.

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 the Company.

The Business Performance Overview sets out the main trends and factors underlying the development and performance of the Company during the year ended 31 March 2023, 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 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 November 2020, 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 £0.8bn.

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. 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 is 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 and was completed in the first quarter of 2023.

The focus of the Company during the year to 31 March 2023 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 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. The Offshore converter station was successfully installed in April 2023 and energised in advance of first power. First power was achieved in October 2023. The project is scheduled to be fully operational in 2024.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Business performance overview

The income statement for the period ended 31 March 2023 is set out on page 10. The profit for the period for the Company was £0.1m (2022: nil). The Statement of Financial position as at 31 March 2023 is set out on page 12 and indicates net assets for the Company £269.4m (2022: net assets £112.8m).

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

	2023	As restated 2022
Financial	£m	£m
Assets under construction	1,789.5	1,313.1
Net assets	269.4	112.8

Principal risks and uncertainties

The principal risks facing the Company in the short to medium term are cost overruns and construction delays. 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 Services (UK) Limited 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.

Approved by the Board on 30 November 2023 and signed on its behalf by:


Nicholas Fitzpatrick (Nov 30, 2023 15:35 GMT)

Nicholas Fitzpatrick
Director

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

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.

Proposed dividend

The directors do not recommend the payment of a dividend (2022: £nil).

Directors' of the Company

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

Halfdan Brustad (ceased 11 May 2023)

Paul Cooley

Alessandro Della Zoppa (ceased 28 June 2023)

Barry O'Regan (ceased 17 July 2023)

Anders Opaker

Annan Shah (ceased 17 July 2023)

Marcello Poidomani (ceased 14 October 2022)

Oystein Michelsen (ceased 16 May 2022)

Trine Borum Bojsen (appointed 16 May 2022)

Olav Hetland (appointed 14 October 2022)

The following directors were appointed after the year end:

Kamala Hajiyevea (appointed 11 May 2023)

Stefano Sartirana (appointed 28 June 2023)

Steven Wilson (appointed 17 July 2023)

Nicholas Fitzpatrick (appointed 17 July 2023)

Political and charitable donations

The Company made no charitable or political donations during the year (2022: £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 2023 (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for the 12-month period 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 November 2020. 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 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 in November 2020 and first power in October 2023 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 2024, subject to approval by shareholders at the forthcoming Board of Directors meeting.

Approved by the Board on 30 November 2023 and signed on its behalf by:


Nicholas Fitzpatrick (No. 36, 2023 15:35 GMT)

Nicholas Fitzpatrick
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 2023 and signed on its behalf by:


Nicholas Fitzpatrick (Nov 30, 2023 15:35 GMT)

Nicholas Fitzpatrick
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 for the year ended 31 March 2023 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 20, 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting 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 of at least 12 months after the accounts have been signed.

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)

Opinions on other matters 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 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.

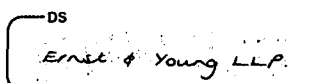
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOGGERBANK OFFSHORE WIND FARM PROJECT 1 PROJCO LIMITED (CONTINUED)

- 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 (UK adopted international accounting standards and Companies Act 2006) and relevant tax compliance regulations in the UK.
- 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.
- 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 noncompliance 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 <https://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.

DS

Ernst & Young LLP

*Nicola McIntyre (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor*

*G1 Building, 5 George Square
5 George Square
Glasgow
G2 1DY
4 December 2023*

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Income Statement for the Year Ended 31 March 2023

	Note	2023 £ m	2022 £ m
Administrative expenses		(0.2)	-
Other Income		0.3	-
Profit before tax		0.1	-
Profit for the year		0.1	-

The above results were derived from continuing operations.

The notes on pages 15 to 31 form an integral part of these financial statements.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Statement of Comprehensive Income for the Year Ended 31 March 2023

		2023	As restated
	Note	£ m	2022
			£ m
Profit for the year		0.1	-
Items that may be reclassified subsequently to profit or loss			
Profit on effective portion of cash flow hedges		208.6	142.7
Taxation on cashflow hedges		(52.1)	(35.2)
		156.5	107.5
Total comprehensive income for the year		156.6	107.5

The notes on pages 15 to 31 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 2023

	Note	2023 £ m	As restated 2022 £ m
Non-current assets			
Property, plant and equipment	7	1,789.5	1,313.1
Right of use assets	8	101.9	84.6
Investments in subsidiaries, joint ventures and associates	9	5.2	4.2
Derivative financial assets	16	326.2	187.4
		<u>2,222.8</u>	<u>1,589.3</u>
Current assets			
Trade and other receivables	10	13.7	12.4
Cash and cash equivalents	11	20.6	40.3
Derivative financial assets	16	55.6	9.4
		<u>89.9</u>	<u>62.1</u>
Total assets		<u>2,312.7</u>	<u>1,651.4</u>
Current liabilities			
Trade and other payables	12	(43.2)	(111.0)
Loans and borrowings	13	(27.7)	(15.9)
Derivative financial liabilities	16	(18.7)	(33.6)
		<u>(89.6)</u>	<u>(160.5)</u>
Non-current liabilities			
Loans and borrowings	13	(1,863.2)	(1,315.0)
Deferred tax liabilities	6	(90.0)	(37.9)
Derivative financial liabilities	16	(0.5)	(25.2)
		<u>(1,953.7)</u>	<u>(1,378.1)</u>
Total liabilities		<u>(2,043.3)</u>	<u>(1,538.6)</u>
Net assets		<u>269.4</u>	<u>112.8</u>
Equity			
Hedge reserve		270.0	113.5
Capital contribution	15	10.1	10.1
Retained deficit		<u>(10.7)</u>	<u>(10.8)</u>
Total equity		<u>269.4</u>	<u>112.8</u>

Approved by the Board on 30 November 2023 and signed on its behalf by:

Nicholas Fitzpatrick
Nicholas Fitzpatrick (Nov 30, 2023 15:35 GMT)

Nicholas Fitzpatrick
Director

The notes on pages 15 to 31 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 2023

	Share capital £ m	Retained deficit £ m	Capital contribution £ m	Hedge Reserve £ m	Total £ m
At 1 April 2021 as restated	-	(10.8)	10.1	6.0	5.3
Other comprehensive profit as restated	-	-	-	107.5	107.5
At 31 March 2022 as restated	-	(10.8)	10.1	113.5	112.8

	Share capital £ m	Retained deficit £ m	Capital contribution £ m	Hedge Reserve £ m	Total £ m
At 1 April 2022	-	(10.8)	10.1	113.5	112.8
Profit for the year	-	0.1	-	-	0.1
Other comprehensive profit	-	-	-	156.5	156.5
At 31 March 2023	-	(10.7)	10.1	270.0	269.4

The notes on pages 15 to 31 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 2023

	Note	2023 £ m	2022 £ m
Cash flows from operating activities			
Profit for the year		0.1	-
Adjustments to cash flows from non-cash items:			
Working capital adjustments:			
Increase in trade and other receivables		(11.5)	(6.2)
(Decrease)/increase in trade and other payables		<u>(21.2)</u>	<u>84.9</u>
Net cash flows from operating activities		<u>(32.6)</u>	<u>78.7</u>
 Cash flows from investing activities			
Acquisitions of property plant and equipment		(510.5)	(661.1)
Acquisition of investments in joint ventures and associates	9	<u>(1.0)</u>	<u>(4.2)</u>
Net cash flows from investing activities		<u>(511.5)</u>	<u>(665.3)</u>
 Cash flows from financing activities			
Proceeds from other borrowing draw downs		<u>533.7</u>	<u>601.0</u>
Net cash flows from financing activities		<u>533.7</u>	<u>601.0</u>
 Net (decrease)/increase in cash and cash equivalents		(10.4)	14.4
Cash and cash equivalents at 1 April		40.3	27.4
Portion of effective hedge recognised in other comprehensive income		<u>(9.3)</u>	<u>(1.5)</u>
Cash and cash equivalents at 31 March		<u>20.6</u>	<u>40.3</u>

The notes on pages 15 to 31 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 2023

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, amendments and interpretations adopted by the Company

None of the standards, interpretations and amendments effective for the first time from 1 April 2022 have had a material effect on the financial statements.

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

There are no standards, amendments to standards or interpretations relevant to the company's operations which are anticipated to have a material impact on the company's financial statements, which are issued but not yet effective at 31 March 2023.

Going concern

The financial statements have been prepared on a going concern basis, which assumes adequate resources will be available for the 12-month period 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 November 2020. 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 in November 2020 and first power in October 2023 therefore supports the going concern basis adopted.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Finance income and costs

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.

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 property, plant and equipment.

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.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Property, plant and equipment (continued)

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.

Share capital

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

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.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

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.

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 2023 (continued)

3 Prior year adjustment

Adjustment 1

Interest Rate Swaps were arranged prior to Financial Close and then 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.

At Financial Close the mark-to-market loss on the pre-Financial Close swaps was crystallised and subsequently was being amortised over the term of the associated senior debt facilities. The unamortised amount was previously presented on the balance sheet as deferred costs within non-current assets. The accounting has been amended such that the unamortised amounts in relation to the mark-to-market loss have now been classified to the hedge reserve within equity, net of deferred tax, as required by IFRS 9 Financial Instruments when a hedge is terminated and the hedged future cash flows are still expected to occur. The balance within hedge reserve will continue to be amortised over the term of the associated senior debt facilities. As at 31 March 2022 the total value of interest rate swaps terminated at Financial Close was £19.4m.

Adjustment 2

Foreign Exchange hedges were arranged prior to Financial close and then 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.

At Financial Close the mark-to-market gain on the pre-Financial Close hedges that was crystallised was being amortised based on the profile of Foreign Exchange forward settlements during the construction period. The unamortised amount was previously presented on the balance sheet as deferred income within non-current liabilities. The accounting has been amended such that the unamortised amounts in relation to the mark-to-market gain have now been classified to the hedge reserve within equity, net of deferred tax, as required by IFRS 9 Financial Instruments when a hedge is terminated, and the hedged future cash flows are still expected to occur. The balance within hedge reserve will continue to be amortised over the construction period based on the profile of Foreign Exchange forward settlements. As at March 2022 the total value of foreign exchange hedges arranged prior to financial close settled at financial close was £29.6m.

Adjustment 3

Deferred costs which represent deferred upfront debt arrangement fees were previously presented on the balance sheet as deferred costs within non-current assets. As at 31 March 2022 the total value of deferred upfront fees was £80.4m. The deferred upfront fees were paid in November 2020 in relation to the loan and borrowing facilities of the Company. The deferred upfront fees were being amortised over the term of the associated senior debt facilities. The deferred upfront fees however should have been included within the initial measurement of loans and borrowings when the loan and borrowing balances were initially recognised. Accordingly, the deferred upfront fees have now been classified as part of the loan and borrowing liability for each of the respective loan and borrowing facilities. The loan and borrowing liabilities are now presented on the balance sheet net of the deferred upfront fees. The deferred upfront fees will continue to be amortised over the term of the associated senior debt facilities to which the deferred upfront fees relate.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

3 Prior year adjustment (continued)

The prior year adjustments have been corrected by restating each of the affected financial statement line items for the period to 31 March 2022, as follows:

Statement of Comprehensive Income

	Originally reported 2022 £ m	Adjustment 1 2022 £ m	Adjustment 2 2022 £ m	Adjustment 3 2022 £ m	Restated 2022 £ m
Profit/(loss) on effective portion of cash flow hedges	151.2	2.9	(11.4)	-	142.7
Taxation on cashflow hedges	(37.2)	(0.8)	2.8	-	(35.2)
Total comprehensive loss for the year	114.0	2.1	(8.6)	-	107.5

Statement of Financial Position

	Originally reported 2022 £ m	Adjustment 1 2022 £ m	Adjustment 2 2022 £ m	Adjustment 3 2022 £ m	Restated 2022 £ m
Non-current Assets					
Deferred costs	99.8	(19.4)		(80.4)	-
Non-current Liabilities					
Loans and borrowings	(1,395.4)			80.4	(1,315.0)
Deferred income	(29.6)		29.6		-
Deferred tax liability	(35.3)	4.8	(7.4)		(37.9)
Equity					
Hedge reserve	105.9	(14.6)	22.2	-	113.5

Statement of Changes in Equity

	Originally reported 2022 £ m	Adjustment 1 2022 £ m	Adjustment 2 2022 £ m	Adjustment 3 2022 £ m	Restated 2022 £ m
Hedge reserve as at 1 April 2021	(8.1)	(16.7)	30.8	-	6.0
Other comprehensive loss for the year to 31 March 2022	114.0	2.1	(8.6)	-	107.5
Hedge reserve as at 31 March 2022	105.9	(14.6)	22.2	-	113.5

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Auditor's remuneration

The Company incurred an audit fee of £27,410 (2022: £25,380). The Company has also borne the audit fee of the parent Company, Doggerbank Offshore Wind farm Project 1 Holdco Limited, of £11,664 (2022: £10,800).

5 Directors' remuneration

The Company had no employees in the current or prior year. The Director's did not receive remuneration in respect of their services to the Company in the current or prior year.

6 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

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

	2023 £ m	2022 £ m
Profit before tax	0.1	-
Corporation tax at standard rate	-	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	-
Total tax charge/(credit)	-	-

Deferred taxation

	2023 £ m	As restated 2022 £ m
Deferred tax assets/(liabilities)		
Asset/(liability) at end of period	(90.0)	(37.9)

The Government announced in the Budget on 3 March 2021 that the main rate of corporation tax will increase to 25% for the financial year beginning 1 April 2023. Prior to this date, the rate of corporation tax will remain at 19%. The increase to 25% was substantively enacted at 31 March 2023, therefore the Company has measured deferred tax balances at 25%.

Deferred tax movements during the year:

	As restated At 1 April 2022 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2023 £ m
Property, plant and equipment	(10.9)	(11.7)	-	(22.6)
Derivative financial instruments	(37.9)	-	(52.1)	(90.0)
Tax losses	10.9	11.7	-	22.6
	(37.9)	-	(52.1)	(90.0)

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

7 Property, plant and equipment

	Assets under construction £ m	Total £ m
Cost or valuation		
At 1 April 2021	1,313.1	1,313.1
Additions	476.4	476.4
At 31 March 2022	<u>1,789.5</u>	<u>1,789.5</u>
Depreciation		
At 1 April 2022	-	-
Charge for the year	-	-
At 31 March 2023	<u>-</u>	<u>-</u>
Carrying amount		
At 31 March 2023	<u>1,789.5</u>	<u>1,789.5</u>
At 31 March 2022	<u>1,313.1</u>	<u>1,313.1</u>

8 Right of use assets

	Total £ m
Cost or valuation	
At 1 April 2022	87.6
Additions	19.6
At 31 March 2023	<u>107.2</u>
Depreciation	
At 1 April 2022	3.0
Other depreciation charge for year	2.3
At 31 March 2023	<u>5.3</u>
Carrying amount	
At 31 March 2023	<u>101.9</u>
At 31 March 2022	<u>84.6</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investments

Details of the subsidiaries as at 31 March 2023 are as follows:

Name of subsidiary	Registered address (key)	Proportion of ownership interest and voting rights held	
		2023	2022
DB Operational Base Limited*	One Kingdom Street, London, United Kingdom, W2 6BD	33.3%	33.3%

* indicates direct investment of the Company

The additions in the period relate to cash injection to DB Operational Base Limited. In the prior year there had been £4.2m cashflow from the Company to DB Operational Base Limited.

Associates

	£ m
Cost or valuation	
At 1 April 2022	4.2
Additions	<u>1.0</u>
At 31 March 2023	<u>5.2</u>
Provision	
Carrying amount	
At 31 March 2023	<u>5.2</u>
At 31 March 2022	<u>4.2</u>

10 Trade and other receivables

	2023 £ m	2022 £ m
Receivables due from related parties	0.3	0.2
Prepayments	12.2	8.5
Other receivables	<u>1.2</u>	<u>3.7</u>
	<u>13.7</u>	<u>12.4</u>

Receivables due from related parties relate to services provided to Doggerbank Offshore Wind Farm Project 2 Projco Limited and Doggerbank Offshore Wind Farm Project 3 Projco Limited. The amounts do not bear any interest and are repayable on demand.

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

11 Cash and cash equivalents

	2023 £ m	2022 £ m
Cash at bank	20.6	40.3

12 Trade and other payables

Amounts falling due within one year

	2023 £ m	2022 £ m
Trade payables	5.1	28.9
Accrued expenses	34.1	77.5
Payables due to related parties	4.0	4.6
	<u>43.2</u>	<u>111.0</u>

Payables due to related parties relate to services received from SSE Renewables Services (UK) Limited and Equinor New Energy Limited during the year to 31 March 2023. The amount does not bear any interest and is repayable on demand.

13 Loans and borrowings

	2023 £ m	2022 £ m
Current Liabilities		
Senior Debt	20.6	13.9
Finance lease liability	7.1	2.0
	<u>27.7</u>	<u>15.9</u>

	2023 £ m	As restated 2022 £ m
Non Current liabilities		
Senior Debt	1,766.4	1,234.8
Finance lease liabilities	96.8	80.2
	<u>1,863.2</u>	<u>1,315.0</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

13 Loans and borrowings (continued)

		As restated	
	Year of Maturity	2023	2022
		£m	£m
Falling due within one year			
Revolving VAT Facility	2024	20.6	13.9
		<u>20.6</u>	<u>13.9</u>
Falling due within two and five years			
Generation Term Loan	2039	138.3	96.4
Generation BPI Facility	2039	54.8	36.9
Generation GIEK Facility	2039	29.8	20.9
Generation EKN Facility	2039	54.8	36.9
Transmission Revolving Credit	2024	245.4	180.6
Transmission Term Loan	2024	490.8	361.5
		<u>1,013.9</u>	<u>733.2</u>
Falling due more than five years			
Generation Term Loan	2039	376.1	255.8
Generation BPI Facility	2039	147.5	95.0
Generation GIEK Facility	2039	81.3	55.7
Generation EKN Facility	2039	147.6	95.1
		<u>752.5</u>	<u>501.6</u>
Total		<u>1,787.0</u>	<u>1,248.7</u>

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.

The non-current loan and borrowings are presented net of the deferred upfront fees of £75.8m (2022: £80.4m).

	Loans and borrowings £ m
Changes from financing cash flows	
Proceeds from loans and borrowings	<u>533.7</u>
Total changes from financing activities	<u>533.7</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

14 Share capital

Authorised, allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	8	8	8	8

15 Capital contribution

The capital contribution of £10.1m (2022: £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.

16 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:

	2023	2023	2023	2023	2023	2023
	Carrying value	Contractual cash flow	1 year or less	1 to < 2 years	2 to < 5 years	Over 5 year
	£m	£m	£m	£m	£m	£m
Non derivative financial liabilities						
Loans and borrowings	(1,890.9)	(2,211.6)	(59.4)	(822.2)	(317.9)	(1,012.1)
	(1,890.9)	(2,211.6)	(59.4)	(822.2)	(317.9)	(1,012.1)
Derivative financial liabilities						
Foreign Exchange currency hedging	(19.2)	(786.5)	(782.1)	(4.4)	-	-
Total	(1,910.1)	(2,998.1)	(841.5)	(826.6)	(317.9)	(1,012.1)
Derivative financial assets						
Foreign exchange currency hedging	1.2	(197.6)	(197.6)	-	-	-
Interest Rates Swaps	380.6	380.6	54.4	45.9	62.2	218.1
Total	381.8	183.0	(143.2)	45.9	62.2	218.1
Net total	(1,528.3)	(2,815.1)	(984.7)	(780.7)	(255.7)	(794.0)

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

16 Derivatives and financial instruments (continued)

i Risk (continued)

	2022 Carrying value £m	2022 Contractual cash flow £m	2022 1 year or less £m	2022 1 to < 2 years £m	2022 2 to < 5 years £m	2022 Over 5 year £m
Non derivative financial liabilities						
Loans and borrowings	(1,330.9)	(1,583.8)	(38.3)	(21.2)	(821.2)	(703.1)
	(1,330.9)	(1,583.8)	(38.3)	(21.2)	(821.2)	(703.1)
Derivative financial liabilities						
Foreign Exchange currency hedging	(58.8)	(1,186.9)	(607.9)	(574.7)	(4.3)	-
Total	(1,389.7)	(2,770.7)	(646.2)	(595.9)	(825.5)	(703.1)
Derivative financial assets						
Interest Rates Swaps	196.8	196.8	9.4	9.4	28.3	149.7
Total	196.8	196.8	9.4	9.4	28.3	149.7
Net total	(1,192.9)	(2,573.9)	(636.8)	(586.5)	(797.2)	(553.4)

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:

	2023 Carrying value £m	2023 Fair value £m	2022 Carrying value £m	2022 Fair value £m
Financial assets				
Trade and other receivables	13.7	13.7	12.4	12.4
Cash and cash equivalents	20.6	20.6	40.3	40.3
Derivative financial assets	381.8	381.8	196.8	196.8
Financial liabilities				
Trade and other payables	43.2	43.2	111.0	111.0
Loans and borrowings	1,890.9	1,890.9	1,330.9	1,330.9
Derivative financial liabilities	19.2	19.2	58.8	58.8

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

16 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.

	2023	2023	2022	2022
	Level 1	Level 2	Level 1	Level 2
	£m	£m	£m	£m
Financial assets				
Cash	20.6	-	40.3	-
Derivative financial assets	-	381.8	-	196.8
	<u>20.6</u>	<u>381.8</u>	<u>40.3</u>	<u>196.8</u>
Financial liabilities				
Senior Debt	1,787.0	-	1,248.7	-
Derivative financial liabilities	-	19.2	-	58.8
	<u>1,787.0</u>	<u>19.2</u>	<u>1,248.7</u>	<u>58.8</u>

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

16 Derivatives and financial instruments (continued)

ii Fair values (continued)

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 2023.

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. 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 are accounted for on a net basis.

17 Capital commitments

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

	2023 £ m	2022 £ m
Capital expenditure: contracted but not provided	1,136.0	1,455.8

18 Related party transactions

	2023 Receivables outstanding £m	2023 Payables outstanding £m	2022 Receivables outstanding £m	2022 Payables outstanding £m
SSE Renewables Services (UK) Ltd	-	1.4	-	2.5
Equinor New Energy Limited	-	2.6	-	2.1
Doggerbank Offshore Wind Farm Project 2 Projco Ltd	0.3	-	0.1	-
Doggerbank Offshore Wind Farm Project 3 Projco Ltd	-	-	0.1	-
	0.3	4.0	0.2	4.6

i) Payables outstanding to SSE Renewables Developments (UK) Limited (a subsidiary of SSE plc, the ultimate parent Company of SSE Renewables Offshore Windfarm Holdings Limited) are in relation to 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 2023, the Company was charged £11.2m (2022: £8.1m) by SSE Renewables Services (UK) Ltd in respect of these costs. At the period end there were payables outstanding of £1.4m (2022: £2.5m) 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 2023 (continued)

18 Related party transactions (continued)

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 2023, the Company was charged £10.6m (2022: £6.1m) by Equinor New Energy Limited in respect of these costs. At the period end there were payables outstanding of £2.6m (2022: £2.1m) 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 2023. At the period end there were receivables outstanding of £0.3m (2022: £0.1m) 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 2023. At the period end there were no receivables outstanding (2022: £0.1m) 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.

19 Obligations under leases and hire purchase contracts

Finance leases

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

	2023 £ m	2022 £ m
Current liabilities	7.1	(2.0)
Non-current liabilities	96.8	(80.2)
	103.9	82.2
Lease liability maturity analysis		
	2023 £ m	2022 £ m
Within one year	4.6	-
Between one and five years	19.0	14.8
After five years	133.5	109.4
Less: future finance charges	(53.2)	(42.0)
Present value of lease obligations	103.9	82.2

Doggerbank Offshore Wind Farm Project 1 Projco Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

20 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 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.