Registered No. 04418909

# Annual Report and Financial Statements

## *Dudgeon Offshore Wind Limited*

**For the year ended 31 December 2023**

CONTENTS

# Dudgeon Offshore Wind Limited

## COMPANY INFORMATION

**DIRECTORS**

| | |
|---|---|
| A Alnaqbi | |
| D Choi Tat Man | |
| M El Ramahi | |
| L Gao | (Appointed 10 March 2023) |
| K Hajiyeva | (Resigned 1 January 2024) |
| A Opaker | |
| Q Peng | |
| M Read | (Appointed 1 January 2024) |
| T Ulla | |
| X Wang | (Resigned 10 March 2023) |

**SECRETARY**

| | |
|---|---|
| Mitre Secretaries Limited | (Resigned 30 April 2024) |
| Itweva Nogueira | (Appointed 1 May 2024) |

**AUDITOR**
Grant Thornton UK LLP
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY

**REGISTERED OFFICE**
1 Kingdom Street
London
W26 BD

The directors of Dudgeon Offshore Wind Limited (the "Company") present their strategic report for the Company for the year ended 31 December 2023.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is the production of offshore wind energy.

**REVIEW OF THE BUSINESS AND FUTURE DEVLOPMENTS**

The wind farm is located in the Greater Wash 27 km off the east coast of England. The wind farm consists of sixty-seven, 6 MW turbines giving an installed capacity of 402 MW.

Dudgeon continues to generate electricity in line with expectation, and has had another successful year of operations, without any significant HSE events to report. The project successfully completed its first major component exchange campaign over the summer, with minimum impact to production and zero HSE incidents. The project has no major capital commitments going forward.

The results for the year are presented in the Profit and loss account on page 14.

**KEY PERFORMANCE INDICATORS (KPI)**

| **FINANCIALS** | **2023** | **2022** | **Deviation** |
|---|---|---|---|
| Turnover (£ million) | 297.7 | 237.2 | +25.5% |
| Profit after tax (£ million) | 144.2 | 107.8 | +33.8% |

Turnover was positively impacted by higher production for the year, with positive pricing mix between "Contract for Difference Income" and "Power Purchase Agreement Income". Profit after tax was above budget due to higher revenues and lower operating costs than planned.

As expected, there are no significant movements in the company's net assets other than the ongoing depreciation of tangible fixed assets and scheduled repayments of the external loans and bonds.

**SAFETY AND SUSTAINABLITY (SSU)**

Safety is paramount in the energy sector and therefore the "Company" has specific SSU KPIs including:

- Total recorded injury frequency (TRIF)
- Lost time incident frequency (LTI)
- Serious incident frequency (SIF)
- Reportable environmental incidents in year
- Falling object frequency

## PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks that the Company faces in the course of conducting its business operations. Although not exhaustive, the following list highlights the principal risks and uncertainties.

***SSU risk***
The nature of operations exposes the Company to health, safety and sustainability (SSU) risks. These risks relate to operation and maintenance activities offshore which involve transport and access to wind turbine generators (WTGs) and substations, work on high voltage systems, operation of marine vessels and lifting activities associated with the repair and maintenance of offshore installations. The organisation under the operatorship of Equinor has been structured and integrated to address the nature of activities with appropriate procedures in place to handle these risks and to meet the requirements of UK legislation.

***Wind speed risk***
The risk of lower than anticipated production owing to the unpredictable nature of wind as a resource is mitigated by appropriate planning processes to ensure that Wind Turbine Generator (WTG) availability for production is maximised during periods of high mean wind speed. To further facilitate this, extensive experience is also gained from the operational experience of Equinor (the operator).

***Legislative risk***
There is a risk of adverse legislation changes against the Company impacting its ability to make returns on the investment made. UK Government support contributes significantly towards profitability. The risk is managed by close monitoring of, and involvement in, the developments in applicable renewable regimes in the UK.

***Asset failure risk***
The failure of one or more turbines or part of the transmission assets could lead to high rectification costs, loss of revenue and impact the Company's ability to trade. To reduce this risk, the Company routinely carries out maintenance. In the event of such failure, the Company has insurance policies to cover loss from property damage and business interruptions.

***Price risk***
Due to the nature of government support (see note 2), the company's income stream is protected from changes in energy prices.

## STATEMENT OF HOW DIRECTORS HAVE COMPLIED WITH THEIR DUTY TO HAVE REGARD TO THE MATTERS IN SECTION 172(1) COMPANIES ACT 2006 'DUTY TO PROMOTE THE SUCCESS OF THE COMPANY'

The directors of Dudgeon comply with their duties under section 172 (1) Companies Act 2006 by overseeing the operations of the company and how the company's actions affect stakeholders.

***Shareholders***
Dudgeon is a wholly owned subsidiary of Dudgeon Holdings II Limited, which in turn is a wholly owned subsidiary of Dudgeon Holdings Limited (DHL). DHL is jointly controlled by its shareholders, Equinor New Energy Limited, CRC New Energy (UK) Limited and Masdar Offshore Wind UK Limited.

The joint shareholders' strategy is for excess cash to be distributed as dividends whenever possible. Before dividend distributions are made or proposed, the board reviews management accounts and cash flow projections to consider the effect the distribution would have on the financial position of the Company including its ability to pay debts as they fall due.

Operations are managed by Equinor ASA group ("Equinor"). Dudgeon follows Equinor's processes and controls.

***The Board of Directors***
The Company's board consists of representatives of all joint shareholders. The board has 4 scheduled meetings each year. Each of these meetings contains both an SSU (safety and sustainability) update and a business update from the plant manager.

On an annual basis, KPIs, the annual business plan and budget are considered and approved.
The board is notified of any expenditure between £250k and £500k. Any expenditure over £500k requires board approval.

***Workforce***

Dudgeon does not have any employees. Its workforce consists of Equinor employees in addition to third party contractors.

Safety is paramount in the energy sector and Equinor's "I am safety" initiative is the foundation of its effort to enhance its safety culture and drive improvements in safety and security behaviour. The "I am safety" expectations represent fundamental traits of a strong safety culture. These expectations support and strengthen ongoing initiatives to continuously improve safety and security and contribute to a consistent way of working. These expectations are applicable to all Equinor employees and sub-contractors.
SSU incidents are brought to the attention of the board and strategies put in place to constantly improve safety behaviour.

***Local Communities***

Dudgeon follows the DESNZ (Department for Energy Security and Net Zero) guidance on Community Benefits from Onshore Wind Developments.

During the lifetime of the operation of its offshore wind farm, Dudgeon will pay £100,000 per annum into its Community Fund, and this money will be used to provide grants to support education initiatives for the benefit of young people living in the Great Yarmouth, Breckland and North Norfolk districts of Norfolk.

The Dudgeon Community Fund is being administered by Norfolk Community Foundation, and prospective applicants can find out more about the fund criteria and obtain the Expression of Interest Form on their website https://www.norfolkfoundation.com/funding-support/grants/groups/dudgeon-community-fund/

***Suppliers***

Dudgeon is committed to using suppliers who operate consistently in accordance with its values, and who maintain high standards for SSU, ethics and corporate social responsibility.
Dudgeon payment practice reports for 2022 are available at www.gov.uk/check-when-businesses-pay-invoices.

By order of the Board of Directors

Anders Opaker

A Opaker – Director
Date: 21/6/2024

1 Kingdom Street
London
W2 6BD

The directors present their report for the year ended 31 December 2023.

## DIRECTORS' NAMES AND AUDIT DISCLOSURES

The directors who served the Company during the year and changes since 31 December 2023 are listed on page 1.

During the period under review, the shareholders as employers of the officers of the Company had in place indemnity provisions in favour of their respective directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

The directors who held office at the date of approval of this Directors' Report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## FINANCIAL INSTRUMENT RISKS

The Company's activities expose it to a variety of financial risks, such as foreign exchange, credit, liquidity and interest rate risk.

### *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities. The foreign exchange risk is minimal as most of the company's transactions are in pound sterling. The Company does not use derivative instruments to manage its foreign exchange risk.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is potentially exposed to credit risk through trade and other receivables due. These balances are principally with related parties and UK and Norwegian state owned enterprises, which the directors believe limits the risk of non-payment.

***Liquidity risk***
Due to the revenues receivable from power generation at the wind farm, the Company is expected to remain cash-generative for the foreseeable future.

The Company manages its liquidity to ensure that it will be able to meet liabilities as they become due while maximising the return to shareholders.

***Interest rate risk***
A change in interest rate could significantly impact the amount of interest paid on loan financing. The company has taken out interest rate swaps to mitigate the effect.

**POST BALANCE SHEET EVENTS**
There are no post balance events to report.

**FUTURE DEVELOPMENTS**
Future developments are included in the business review in the strategic report.

**DIVIDENDS**
Interim dividends of 21p per share were paid during the year (2022:18p per share), with a further dividend of 11p (2022:11p per share) proposed.

**STATEMENT SUMMARISING HOW DIRECTORS HAVE ENGAGED WITH STAKEHOLDERS**
A statement summarising how directors have engaged with suppliers, customers and others in a business relationship is included within the Section 172 statement in the strategic report.

**STREAMLINED ENERGY AND CARBON REPORTING**
The Company is fully consolidated in the Dudgeon Holdings Limited Group accounts which contains streamlined energy and carbon reporting, therefore no disclosures are included at the Company level here.

By order of the Board of Directors

Anders Opaker

A Opaker - Director
Date: 21/6/2024

1 Kingdom Street
London
W2 6BD

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*'.

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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

Anders Opaker

A Opaker – Director
Date : 21/6/2024

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUDGEON OFFSHORE WIND LIMITED

***Opinion***

We have audited the financial statements of Dudgeon Offshore Wind Limited (the 'company') for the year ended 31 December 2023, which comprise the Profit and Loss account and other Comprehensive income, the Balance Sheet, the Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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***

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the market price of energy, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

***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 our 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

***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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements

***Matter on which we are required to report under the Companies Act 2006***
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 directors' report.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUDGEON OFFSHORE WIND LIMITED (CONTINUED)

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

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 8, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the industry in which they operate. We determined that the following laws and regulations were most significant: Companies Act 2006, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUDGEON OFFSHORE WIND LIMITED (CONTINUED)

amounts and disclosures in the financial statements including those laws and regulations relating to taxation laws.

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and of the Company's inhouse legal counsel. We corroborated our enquiries through our review of board minutes. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular manual journal entries to revenue.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the collective competence and capabilities of the engagement team included consideration of their:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
    - the provisions of the applicable legislation;
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
    - the applicable statutory provisions
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. This description forms part of our auditor's report.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUDGEON OFFSHORE WIND LIMITED (CONTINUED)

***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.

Grant Thornton UK LLP

Robert Harris BA BFP ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Date: 21/6/2024

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **£'000** | £'000 |
| **TURNOVER** | 5 | **297,694** | 237,191 |
| **COST OF SALES** | | **(78,700)** | (91,380) |
| **GROSS PROFIT** | | **218,994** | 145,811 |
| Administrative expenses | | **(4,846)** | (5,408) |
| Other operating income | | **3,022** | 3,022 |
| **OPERATING PROFIT** | 6 | **217,170** | 143,425 |
| Interest receivable and similar income | 7 | **27,811** | 8,659 |
| Interest payable and similar charges | 8 | **(47,425)** | (37,795) |
| Fair value movement on financial instruments | | **(7,824)** | 20,229 |
| **PROFIT BEFORE TAXATION** | | **189,732** | 134,518 |
| Taxation | 9 | **(45,520)** | (26,693) |
| **PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION** | | **144,212** | 107,825 |

All operations are derived from continuing operations.

There are no other gains or losses in the period other than the profit for the period.

The profit and loss account is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 17 to 34.

# Dudgeon Offshore Wind Limited

BALANCE SHEET
at 31 December 2023

Registered number 04418909

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | *10* | **996 368** | 1,050,453 |
| **CURRENT ASSETS** | | | |
| Debtors | *11* | **285,156** | 330,448 |
| Cash at bank and in hand | | **39,292** | 27,940 |
| | | **324,448** | 358,388 |
| **CREDITORS:** amounts falling due within one year | *12* | **(154,002)** | (134,953) |
| **NET CURRENT ASSETS** | | **170,446** | 223,435 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **1,166,814** | 1,273,888 |
| **CREDITORS:** amounts falling due after more than one year | *14* | **(1,043,943)** | (1,167,010) |
| **PROVISIONS** | *15* | **(99,553)** | (102,771) |
| **NET ASSETS** | | **23,318** | 4,107 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | *16* | **-** | - |
| Profit and loss account | | **23,318** | 4,107 |
| **SHAREHOLDERS' FUNDS** | | **23,318** | 4,107 |

The profit and loss account represents accumulated profits and losses less any dividends paid.

The balance sheet is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 17 to 34.

Approved by the Board of Directors and signed on their behalf by:

Anders Opaker

A Opaker - Director
Date 21/6/2024

## STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

| | Share capital | Profit & loss Account | Total Shareholder's Funds |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| At 1 January 2022 | - | 5,284 | 5,284 |
| Profit for the year | - | 107,825 | 107,825 |
| Partial write off loan to parent company | - | (55,000) | (55,000) |
| Dividend distribution | - | (54,002) | (54,002) |
| **At 31 December 2022** | - | **4,107** | **4,107** |
| At 1 January 2023 | - | 4,107 | 4,107 |
| Profit for the year | - | 144,212 | 144,212 |
| Partial write off loan to parent company | - | (65,000) | (65,000) |
| Dividend distribution | - | (60,001) | (60,001) |
| **At 31 December 2023** | - | **23,318** | **23,318** |

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 17 to 34.

## 1. CORPORATE INFORMATION

Dudgeon Offshore Wind Limited (the "Company") is a limited company registered in England and Wales with registered number 04418909. The Company is incorporated and domiciled in the United Kingdom. The address of the Company's registered office is One Kingdom Street, London W2 6BD.

The Company is a wholly owned subsidiary of Dudgeon Holdings II Limited.

## 2. ACCOUNTING POLICIES

***Basis of preparation***
These financial statements were prepared in accordance with Financial Reporting Standard 102, the financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102").

The presentation currency of these financial statements is sterling All amounts in the financial statements have been rounded to the nearest £1,000.
The financial statements are prepared under the historical cost accounting convention, except for the measurement of derivatives at fair value.

As a fully owned subsidiary, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Related party transactions entered into between members of the Dudgeon Holdings Limited group, where subsidiaries party to the transaction are wholly owned by Dudgeon Holdings Limited.

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

***Going concern***
The Company's going concern assumption is based on the outcome of modelled scenarios that show the Company's ability to withstand market disruption arising from energy market volatility and unplanned production outages.

The Company is protected against any possible pricing volatility as a result of lower power demands due to the fixed renewable subsidy income received.

## 2. ACCOUNTING POLICIES (CONTINUED)

The Company has modelled various scenarios to determine the impact of:

1. a potential reduction in market price, and
2. reduced production volumes as a result of an unplanned outage

Based on these scenarios and the resources available to the Company, the directors believe the Company has more than sufficient liquidity to manage through a range of different cashflow scenarios over the period to 31 December 2025. Given the Company's strong liquidity position, the directors adopt the going concern basis in preparing the financial statements.

***Revenue recognition***

Revenue is measured at the fair value of consideration received or receivable and is derived from the Company's principal activity which is the generation of electricity from wind turbines.

Revenue is derived from the sale of electricity under a power purchase agreement (PPA) with Danske Commodities AS and Statkraft Markets GmbH, from Renewable Energy Guarantees of Origin (REGOs) and from a contract for difference (CfD) contract with Low Carbon Contract Company (LCCC). Under this contract, Dudgeon Offshore Wind Limited is guaranteed a pre-agreed price for electricity generated under the scheme for a period of 15 years. Under the CfD, income is received when power prices are below the strike price. Where power prices are above the strike price, a rebate is due back to LCCC and this is netted against income.

Revenue is recognised at the date of production. Any revenue which has been recognised but not yet invoiced is shown as accrued income on the balance sheet.

There is no reliable forecast for future REGO receipts and therefore no accrual has been made.

***Research and development***

Research expenditure is expensed as incurred.
Development costs are expensed to the profit and loss account until the point at which a project is sanctioned, and resources required to complete the project are committed. Development costs incurred after this point are capitalised.

## 2. ACCOUNTING POLICIES (CONTINUED)

***Foreign currency translation***

The functional currency for the Company is pounds sterling and is determined by the currency of the primary economic environment in which it operates. This is also the presentation currency of the Company.

Transactions denominated in foreign currencies are initially recorded in the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured at the rate of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are not re-translated.

***Finance income and costs***

All borrowing costs are recognised within interest payable and similar charges in the profit and loss account in the period in which they are incurred. These costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases and the unwinding of the discount factor on long term liabilities.

Interest receivable and similar income is recognised in the profit and loss account using the effective interest method.

***Taxation***

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable in respect of all timing differences between taxable profits and total comprehensive income at the reporting date. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

## 2. ACCOUNTING POLICIES (CONTINUED)

***Taxation (continued)***

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Expenditure on tangible fixed assets is capitalised in the month in which it is incurred. The Company undertakes a review for impairment of the costs capitalised if events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount that is the higher of net realisable value and value in use, the fixed asset costs are written down to their recoverable amount.

Depreciation is calculated so as to write off the cost of an asset less its estimated residual value on a straight line basis over the useful economic life of the asset. Expected useful life is estimated based on experience, historical data and accounting judgments, and is adjusted in the event of any changes to such estimates. The evaluation of residual values is also subject to estimates.

Capitalised decommissioning costs and wind farm assets are depreciated on a straight line basis over their estimated useful economic lives of 27 years.

Fixed asset additions and major component replacements are capitalised at time of installation and are depreciated over the remaining depreciation life of the full wind farm. Major components that have been replaced are derecognised on the assumption that the cost of the disposal is equivalent to the replacement component cost with cumulative depreciation reflecting total charged to date in respect of that specific asset cost. The net book value of the disposal is charged to the income statement as a loss on disposal.

## 2. ACCOUNTING POLICIES (CONTINUED)

***Basic financial instruments***

*Trade and other debtors*
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

*Trade and other creditors*
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

*Interest-bearing borrowings*
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash balances and call deposits.

*Loans and bonds*
Loans and bonds are initially measured at the transaction price, adjusted for transaction costs. They are subsequently measured at amortised cost.

***Other financial instruments***

*Derivatives*
Interest rate swaps are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in the profit and loss account.

***Decommissioning Provision***
A decommissioning provision arises when the legal obligation to remove the wind farm installation arises. The amount recognised is the estimated future expenditure determined in accordance with local conditions and requirements, inflated up to the expected date of decommissioning, and discounted to the balance sheet date at a pre-tax rate reflecting the time value of money. A finance cost is recognised in the profit and loss account as the discount factor unwinds.
A corresponding tangible fixed asset is also created of an amount equal to the provision. This is subsequently depreciated on a straight line basis over 27 years in line with other wind farm assets. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

## 2. ACCOUNTING POLICIES (CONTINUED)

***Leases***

Operating leases are expensed to the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases are capitalised in the balance sheet and are depreciated over the primary lease term. The corresponding lease commitment is recognised in the balance sheet as a liability. The interest element of the rental obligation is included in interest payable and similar charges in the profit and loss account.

Profit on sale-and-leaseback transactions is credited to the profit and loss account over the term of the lease. This applies to the sale of the Company's transmission assets.

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements requires management to make significant judgements and estimates.

### JUDGEMENTS

***Tangible fixed assets***

The carrying value of tangible fixed assets is a significant area of judgement, principally around any indication of impairment and the depreciation policy adopted.

***Decommissioning***

The provision recognised regarding future decommissioning costs is the present value of expected future costs. The company makes judgements regarding the timing of the expenditure, inflation rates and the discount rate.
The value of the provision is also subject to potential changes in future technology.

***Deferred tax***

Judgement is exercised in the recognition of a deferred tax asset, requiring future taxable profits to realise the asset.
Deferred tax assets and liabilities are recognised at the rates expected to apply to the reversal of the related differences. Any changes in tax rates prior to the reversal of the related differences will result in a change of estimate.

### ESTIMATES

***Decommissioning***

The provision recognised regarding future decommissioning costs is the present value of expected future costs. The company makes estimates regarding the amount of the future expenditure.

## 4. STAFF AND DIRECTORS' EMOLUMENTS

The Company had no employees during either year. Staff engaged in operation and administration of the Company during the financial year were employed by the Equinor group under a Services agreement.

The directors are employed by the shareholder entities in respect of whom no recharge of costs was made to the Company for the services provided.

## 5. TURNOVER

Turnover is in relation to income from generation of wind-powered electricity, and is stated net of VAT.

### TURNOVER BY ACTIVITY

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Sales of power | **122,395** | 233,598 |
| Net income from CfD | **174,822** | 3,128 |
| Other income | **477** | 465 |
| | **297,694** | 237,191 |

### TURNOVER BY GEOGRAPHICAL MARKET

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Denmark | **88,889** | 163,203 |
| Germany | **38,690** | 70,394 |
| UK | **170,115** | 3,594 |
| | **297,694** | 237,191 |

## 6. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Auditor's remuneration - audit | **48** | 45 |
| Foreign exchange losses / (gains) | **(34)** | 167 |
| Depreciation | **52,596** | 53,340 |
| Operating lease expense | **8,885** | 8,063 |

## 7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Interest receivable from related parties | 16,363 | 8,395 |
| Bank interest receivable | 2,078 | 225 |
| Interest on derivatives | 9,370 | - |
| Other interest receivable | - | 39 |
| | 27,811 | 8,659 |

## 8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Bank and similar charges | 16 | 9 |
| Amortisation of facility fees | 853 | 852 |
| Interest on long term loans and bonds | 33,813 | 26,120 |
| Interest on derivatives | - | 816 |
| Finance cost on unwinding of discount factor on long term liabilities | 12,743 | 9,998 |
| | 47,425 | 37,795 |

## 9. TAX

a) Tax on profit:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| *Current tax*: | | |
| Corporation tax on profit for the period at 23.5% (2022: 19%) | **45,014** | 25,166 |
| Prior year adjustments | **-** | 102 |
| Total current tax | **45,014** | 25,268 |
| *Deferred tax:* | | |
| Current year movement | **506** | 1,424 |
| Other prior year adjustments | **-** | 1 |
| Total deferred tax | **506** | 1,425 |
| Total tax charge (note 9b) | **45,520** | 26,693 |

b) Factors affecting current tax charge:

The tax assessed on the profit for the year is higher than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are reconciled below:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Profit before taxation | **189,732** | 134,518 |
| Corporation tax in the UK of 23.5% (2022: 19%) | **44,587** | 25,558 |
| Disallowable decommissioning costs | **1,114** | 858 |
| Corporation tax rate changes | **31** | 345 |
| Other permanent difference | **(212)** | (171) |
| Other prior year adjustments to deferred tax | **-** | 1 |
| Prior year adjustment to current tax | **-** | 102 |
| Total tax charge | **45,520** | 26,693 |

## 9. TAX (CONTINUED)

c) Deferred tax:

Deferred tax is shown on the balance sheet within:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Provisions | **(29,676)** | (29,170) |

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| The breakdown of deferred tax on the balance sheet is: | | |
| Accelerated capital allowances | **(27,212)** | (26,689) |
| Capitalised interest | **(8,417)** | (8,810) |
| Deferred profit on disposal of transmission assets | **5,953** | 6,329 |
| | **(29,676)** | (29,170) |

A deferred tax asset of £8,614k (2022: £7,430k) relating to decommissioning costs has not been recognised as it is not expected to be realised.

d) Factors that may affect future tax charges

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. The corporation tax charged to the profit and loss account in 2023 is calculated using the blended rate of 23.5%.

Deferred tax has been recognised at the rate of tax at which the underlying temporary differences are expected to reverse.

## 10. TANGIBLE FIXED ASSETS

| | Capitalised decommissioning costs | Leased transmission assets | Wind farm assets | Total |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **COST** | | | | |
| At 1 January 2023 | 62,240 | 297,927 | 967,658 | 1,327,825 |
| Additions | - | - | 6,836 | 6,836 |
| Disposal | - | - | (2,146) | (2,146) |
| Movements due to change in assumptions (note 15) | (6,664) | - | - | (6,664) |
| **At 31 December 2023** | **55,576** | **297,927** | **972,348** | **1,325,851** |
| **DEPRECIATION** | | | | |
| At 1 January 2023 | 18,358 | 61,555 | 197,459 | 277,372 |
| Charge in year | 1,800 | 14,929 | 35,867 | 52,596 |
| Disposal | - | - | (485) | (485) |
| **At 31 December 2023** | **20,158** | **76,484** | **232,841** | **329,483** |
| **NET BOOK VALUE** | | | | |
| **At 31 December 2023** | **35,418** | **221,443** | **739,507** | **996,368** |
| At 31 December 2022 | 43,882 | 236,372 | 770,199 | 1,050,453 |

The aggregate amount of capitalised interest to 31 December 2023 was £34,331k (2022: £44,540k). Further capitalisation of interest ceased over the period of commencement of generation.

## 11. DEBTORS

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Trade debtors – external | **10,783** | 381 |
| Trade debtors – related parties | **192** | 309 |
| Prepayments and accrued income | **44,858** | 49,067 |
| Corporation tax | **9,405** | 1,555 |
| VAT recoverable | **381** | 2,742 |
| Other debtors | **147** | 37 |
| Loan to parent company (due after more than one year) | **210,264** | 259,407 |
| Other financial asset (see note 13) | **9,126** | 16,950 |
| | **285,156** | 330,448 |

The loan to parent company of £210,264k (2022: £259,407) is due after more than one year.

## 12. CREDITORS: amounts falling due within one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Trade creditors | **5,894** | 6,872 |
| Amount owed to parent company | **9,631** | 57 |
| Loans – net of unamortised set up costs | **88,957** | 78,232 |
| Bonds | **12,920** | 9,107 |
| Accruals and deferred income | **23,000** | 26,112 |
| Deferred profit on disposal | **3,022** | 3,022 |
| Amounts owed to related parties | **865** | 1,616 |
| Long term lease on transmission assets (See note 19) | **9,713** | 9,935 |
| | **154,002** | 134,953 |

## 13. OTHER FINANCIAL ASSETS / (LIABILITIES)

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Fair value of interest rate swaps with third parties | **9,126** | 16,950 |

## 14. CREDITORS: amounts falling due after more than one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Loans – net of unamortised set up costs | **124,175** | 222,280 |
| Bonds | **637,377** | 650,297 |
| Deferred profit on disposal | **41,922** | 44,944 |
| Long term lease on transmission assets (See note 19) | **240,469** | 249,489 |
| | **1,043,943** | 1,167,010 |

Following the completion of construction, the company had a legal obligation to sell the transmission assets at cost to the Offshore Transmission Owner (OFTO). The sale was accounted for as a sale and leaseback arrangement with the profit on sale being released to the profit and loss account over the 20 year life of the lease.

In December 2018, the Company issued £706,000k Guaranteed Senior Secured PP Notes (PP Notes).

Details of the PP Notes as follows:

| | |
|---|---|
| Facility Start Date: | 18 December 2018 |
| Facility End Date: | 15 June 2032 |
| Interest Rate: | 2.74% |
| Repayment: | The PP Notes are being repaid in half yearly instalments which started in June 2019 and end on 15 June 2026 |

In December 2018, the Group entered into a Commercial Facilities Agreement, made up of a Term Loan Facility (TLF), a Debt Service Reserve Facility (DSRF) and a Revolving Working Capital Facility (RWCF) with a consortium of institutions. According to the terms of the agreement, the Company can borrow a total amount up to £558,000k on the TLF, up to £61,000k on the DSRF and up to £83,400k on the RWCF from its lenders. The amounts outstanding at 31 December 2023 were; TLF £205,846k (2022: £284,078k); RWCF £10,000k (2022: £20,000); DSRF £nil (2022: £nil).

## 14. CREDITORS: amounts falling due after more than one year (continued)

Details of the Commercial Facilities Agreement are as follows:

| | |
|---|---|
| Facility Start Date: | 18 December 2018 |
| Facility End Date: | TLF: 15 June 2026<br>DSRF: 15 June 2032<br>RWCF: 15 June 2032 |
| Interest Rate: | The aggregate of:<br>(i) The Margin; and<br>(ii) SONIA + CAS,<br>provided that, if the aggregate of the two is less than zero, the rate of interest shall be deemed to be zero. |
| Margin: | (a) for the TLF:<br>(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%<br>(ii) from 16 December 2024: 1.1%<br><br>(b) for the DSRF:<br>(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%<br>(ii) from 16 December 2024 up to (and including) 15 June 2026: 1.1%<br>(iii) from 16 June 2026 up to (and including) 15 December 2029: 1.3%<br>(iv) from 16 December 2029: 1.4%<br><br>(b) for the RWCF:<br>(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%<br>(ii) from 16 December 2024 up to (and including) 15 June 2026: 1.1%<br>(iii) from 16 June 2026 up to (and including) 15 December 2029: 1.3%<br>(iv) from 16 December 2029: 1.4% |
| Repayment: | The TLF will be repaid in half yearly instalments starting in June 2019 and ending on 15 June 2026.<br>In the event of the group drawing down on the DSR or RWC facilities, the repayment terms will be specified at the time of drawdown. All outstanding amounts under these facilities shall be repaid in full on 15 June 2032. |

The PP Notes are supported by an annual credit rating review, currently the Rating for Dudgeon Offshore Wind Limited is A- Stable (Fitch, published 10 November 2023), A Security Intercreditor Trust Deed (STID) is also in place.

## 15. PROVISIONS

| | Deferred tax liability | Decommissioning provision | Total provisions |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| At 1 January 2023 | 29,170 | 73,601 | 102,771 |
| Movement in the year (note 9) | 506 | - | 506 |
| Finance charge | - | 2,940 | 2,940 |
| Movement due to change in assumptions | - | (6,664) | (6,664) |
| **At 31 December 2023** | **29,676** | **69,877** | **99,553** |

The decommissioning provision is the present value of costs expected to be incurred in decommissioning the wind farm at the end of its 27 year life. This provision is based on estimates of costs which will not be incurred for 20 years and therefore there is a risk that these cost estimates are not accurate. The costs are inflated up to the expected decommissioning date and then discounted back to present value at a pre-tax rate of 4.09% (2022:4.03%) that reflects current market assessments of the time value of money. Changes in inflation, pre-tax rate and cost estimates are specified in "Movement due to changes in assumptions".

The provisions are due as follows:

Amounts due in less than one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Deferred tax/(Deferred tax assets) | **18** | 17 |

Amounts due in more than one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Deferred tax | **29,658** | 29,153 |
| Decommissioning provision | **69,877** | 73,601 |
| | **99,535** | 102,754 |

## 16. SHARE CAPITAL

| | Ordinary shares £ '000 |
|---|---|
| At 1 Jan and at 31 Dec 2023 - 188,300,000 ordinary shares of £0.000001 each | - |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

## 17. RELATED PARTIES

During the year, the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into and balances outstanding at 31 December are as follows:

| | Purchases from related party £'000 | Sales to related parties £'000 | Amounts owed by related party £'000 | Amounts owed to related party £'000 |
|---|---|---|---|---|
| Equinor ASA | | | | |
| **-2023** | **532** | – | | **28** |
| -2022 | 1,273 | – | – | 135 |
| Danske Commodities AS | | | | |
| **-2023** | – | **88,889** | | **26** |
| -2022 | 7 | 163,203 | – | 41 |
| Equinor UK Limited | | | | |
| **-2023** | **71** | – | **93** | **547** |
| -2022 | 6,586 | – | 151 | 1,119 |
| Equinor Production UK Limited | | | | |
| **-2023** | **56** | – | – | **10** |
| -2022 | 152 | – | – | 15 |
| Hywind (Scotland) Limited | | | | |
| **-2023** | – | – | **15** | – |
| -2022 | – | – | 15 | – |
| Scira Offshore Energy Limited | | | | |
| **-2023** | | | **85** | |
| -2022 | – | – | 108 | – |
| Equinor Energy Belgium NV | | | | |
| **-2023** | **10** | – | – | **2** |
| -2022 | – | – | – | 3 |
| Equinor New Energy Limited | | | | |
| **-2023** | **2418** | **–** | – | **184** |
| -2022 | 1,280 | – | – | 303 |
| CRC New Energy (UK) Limited | | | | |
| **-2023** | – | – | – | – |
| -2022 | – | – | 16 | – |
| Masdar Offshore Wind UK Limited | | | | |
| **-2023** | | | | |
| -2022 | – | – | 19 | – |
| Equinor Wind Power AS | | | | |
| **-2023** | **68** | – | – | **68** |
| -2022 | – | – | – | – |

## 17. RELATED PARTIES (CONTINUED)

Dudgeon Offshore Wind Limited is a wholly owned subsidiary of Dudgeon Holdings Limited, which is a joint venture owned by Equinor New Energy Limited (35%), CRC New Energy (UK) Limited (30%) and Masdar Offshore Wind UK Limited (35%).

Danske Commodities AS, Equinor UK Limited, Equinor Energy Belgium NV, Equinor Production UK Limited and Equinor New Energy Limited are all 100% owned subsidiaries of Equinor ASA.

Equinor New Energy Limited owns 75% of the issued share capital of Hywind (Scotland) Limited.

Equinor New Energy Limited owns 40% of the issued share capital of Scira Offshore Energy Limited.

## 18. CAPITAL COMMITMENTS

The Company had no specific commitments contracted for but not provided in the financial statements at 31 December 2023 (31 December 2022 : £nil.)

## 19. LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts falling due in less than one year | **6,093** | 6,378 |
| Amounts falling due between one and five years | **11,961** | 17,599 |
| Amounts falling due after more than five years | **4,131** | 5,038 |
| | **22,185** | 29,015 |

During the year ended 31 December 2023 £8,885k was recognised as an expense in the profit and loss account in respect of operating leases (2022 : £8,063k).

All operating leases are subject to inflationary rises. The above commitments include minimum payments on a long term lease, based on a minimum generated output as stipulated in the lease.

## 19. LEASE COMMITMENTS (CONTINUED)

Non-cancellable minimum lease payments on finance leases are payable as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts falling due in less than one year | **9,713** | 9,935 |
| Amounts falling due between one and five years | **47,467** | 47,083 |
| Amounts falling due after more than five years | **193,002** | 202,406 |
| | **250,182** | 259,424 |

The above lease relates to transmission assets. The total term of this lease is 20 years, increasing annually in line with inflation.

## 20. ULTIMATE CONTROLLING PARTY

Dudgeon Offshore Wind Limited is a wholly owned subsidiary of Dudgeon Holdings Limited, which is a joint venture owned by Equinor New Energy Limited (35%), CRC New Energy (UK) Limited (30%) and Masdar Offshore Wind UK Limited (35%).

Equinor New Energy Limited is a wholly owned subsidiary of Equinor ASA.

CRC New Energy (UK) Limited is a subsidiary of China Resources (Holdings) Company Limited.

Masdar Offshore Wind UK Limited is a wholly owned subsidiary of Mubadala Investment Company PJSC which is wholly owned by the Government of Abu Dhabi.

Dudgeon Holdings Limited is the largest and smallest group for which group financial statements are prepared. Copies of Dudgeon Holdings Limited group's financial statements are available at 1 Kingdom Street, London, W2 6BD.