

**Annual Report and Financial  
Statements**

*Dudgeon Offshore Wind  
Limited*

**For the year ended 31 December 2019**

# Dudgeon Offshore Wind Limited

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## CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the directors' report and financial statements	7
Independent auditor's report to the members of Dudgeon Offshore Wind Limited	8
Profit and loss account and other comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

# Dudgeon Offshore Wind Limited

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## COMPANY INFORMATION

### **DIRECTORS**

A Alnaqbi	(Appointed 23 January 2020)
B Al Lamki	(Resigned 23 Janaury 2020)
M J Al Ramahi	
Y Ding	(Resigned 20 September 2019)
F Fassio	(Resigned 25 September 2019)
S Flørenæs	(Appointed 1 February 2019)
K Hajiyeva	(Appointed 8 July 2019)
B Minic	(Appointed 23 January 2020)
B Myking	(Resigned 1 February 2019)
M Negrescu	(Appointed 4 February 2020)
P Qi	
R Rønvik	(Resigned 8 July 2019)
T I Ulla	(Resigned 8 July 2019)
L Xianzhang	(Appointed 20 September 2019)
T T Zhang	(Appointed 22 February 2019)
Z Zhang	(Resigned 22 February 2019)

### **SECRETARY**

C Williams	(Appointed 23 January 2020)
L Balbuckaite	(Appointed 1 February 2019; resigned 23 January 2020)
B H Berge	(Resigned 1 February 2019)

### **AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **REGISTERED OFFICE**

1 Kingdom Street  
London  
W26 BD

# Dudgeon Offshore Wind Limited

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## STRATEGIC REPORT

The directors of Dudgeon Offshore Wind Limited (Dudgeon) present their strategic report for the Company for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

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

### REVIEW OF THE BUSINESS

Dudgeon has had another successful year of operations, with annual generation of 1,584GWh (2019 : 1,580 GWh).

The annual generation was 6% lower than budget. This was due to lower than expected wind speeds during the year, particularly during the first half of the year. However the reduced production due to low wind speeds was partially mitigated by high production based availability (PBA) throughout the year.

During 2018, Dudgeon had issues with the inter-array cables which reduced PBA. These issues continued into the first quarter of 2019 with reduced turbine availability in January and February. However, monitoring procedures were introduced and despite the ongoing issue, the wind farm's PBA for the remaining 10 months of the year was consistently above budget.

### KEY PERFORMANCE INDICATORS

#### Asset Performance

	Actual	Budget	Deviation
Generation (settlement basis, GWh)	1,584	1,678	-6%
Availability (PBA)	95.1%	94.9%	0%

#### Financials

	Actual	Budget	Deviation
Revenue (£ million)	259.8	272.8	-5%
Net result after tax (£ million)	105.9	108.1	-2%

#### HSE

Total recorded injury frequency (TRIF) – per million hours	4
Lost time frequency (LTI) – per million hours	2
Serious incident frequency (SIF) – per million hours	0
Reportable environmental incidents	2
Falling object frequency	-

### FUTURE DEVELOPMENTS

There are no planned changes to the activities of the Company in the future.

# Dudgeon Offshore Wind Limited

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## STRATEGIC REPORT (CONTINUED)

### **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) and therefore follow Equinor’s processes.

#### ***The Board of Directors***

The Dudgeon board consists of representatives of all three ultimate parent companies. The board has 4 scheduled meetings each year. Each of these meetings contains both an SSU (safety and sustainability) and business update from the plant manager.

On an annual basis, KPI’s, 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.

HSE incidents are brought to the attention of the board and strategies put in place to constantly improve safety behaviour.

#### ***Local Communities***

Dudgeon follows the BEIS 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 [www.norfolkfoundation.com/funds/dudgeon-community-fund](http://www.norfolkfoundation.com/funds/dudgeon-community-fund)

# Dudgeon Offshore Wind Limited

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## STRATEGIC REPORT (CONTINUED)

### *Suppliers*

Dudgeon is committed to using suppliers who operate consistently in accordance with its values, and who maintain high standards for HSE, ethics and corporate social responsibility.

Dudgeon payment practice reports for 2019 are available at [www.gov.uk/check-when-businesses-pay-invoices](http://www.gov.uk/check-when-businesses-pay-invoices).

### 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.

#### **COVID-19**

A COVID-19 risk assessment has been performed and identified critical business functions and personnel in the event of a disruption in operations relating to the pandemic. The assessment included engagement with key stakeholders and support functions within Equinor's SSU and Business Continuity teams. Focusing on key aspects of the business, in a scenario-based approach has supported the prioritisation of actions and allocation of resources in response to COVID-19. Analysis of COVID-19 developments and potential impact to Dudgeon and its partners will continue prioritising robust mitigations. The Company remains committed to ensuring safe and efficient operations.

#### *HSSE risk*

The nature of operations exposes the company to health, safety, security and environmental (HSSE) risks. For 2019 this related to operation and maintenance activities offshore which involved 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 structures and 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 WTG availability for production is maximised during periods of high mean wind speed. To further facilitate this, extensive experience is also gained from operational experience from the owners' organisations.

#### *Legislative risk*

There is a risk of adverse legislation changes against the Company impacting its ability to make returns on the investment made. This 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. In this case, the Company has maintenance contracts in place in the event of such failure and insurance policies to cover loss from property damage and business interruptions.



S Flørenæs  
Director  
23 July 2020

# Dudgeon Offshore Wind Limited

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## DIRECTORS' REPORT

The directors present their report with the financial statements of Dudgeon Offshore Wind Limited ("the Company") for the year ended 31 December 2019.

### RESULTS AND DIVIDENDS

The profit for the year after taxation was £105,889k (year ended 31 December 2018: £98,498k profit). An interim dividend was paid during the year of £0.20 per share (2018 : £1.40 per share) with a further interim dividend of £0.27 per share declared.

### GOING CONCERN

On the basis of current financial projections and available facilities, the directors of the Company consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements.

The Company's business activities together with the factors likely to affect its future developments and the Company's objectives, policies and processes from managing its risks are set out in the Strategic Report.

The Company's going concern assumption is based on the outcome of scenarios that show the Company's ability to withstand the expected market disruption arising from the COVID-19 post balance sheet event including varying the duration of the effects of the pandemic and the timing of recovery as the restriction measures on society and business are eased.

The implementation of social restriction measures by the UK government has created uncertainty in relation to the timing of a return to normalised electricity demand levels and the ability to run operations at full efficiency with the potential loss of Key Personnel. In addition, limitations in travel, social distancing and the availability of materials may have an effect on the efficiency of operations. The Company is protected against any possible pricing volatility as a result of lower power demands due to the fixed renewable subsidy income received.

The Company has modelled various scenarios to determine the impact of a potential reduction in production volumes. 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 next 12 months from the date of approval of these financial statements. Given the Group's strong liquidity position, the directors adopt the going concern basis in preparing the financial statements.

### CHARITABLE DONATIONS AND POLITICAL CONTRIBUTIONS

UK charitable donations in the year ended 31 December 2018 amounted to £120k (2018: £1k). No contributions were made to a political party during the year.

### DIRECTORS AND THEIR INTERESTS

The directors who served the Company during the year and changes since 31 December 2019 are listed on page 1. None of the directors at any time during the period ended 31 December 2019 had any beneficial interest in the shares or debentures of the Company.

None of the directors at any time during the period ended 31 December 2019 had any material interest in any contracts with the Company.

# Dudgeon Offshore Wind Limited

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## DIRECTORS' REPORT (CONTINUED)

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

### **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.

### **AUDITORS**

In December 2019, the board approved the appointment of Ernst & Young LLP as auditor.

By order of the Board of Directors

A handwritten signature in blue ink, appearing to read "Brian Kee".

S Flørenæs – Director

23 July 2020

I Kingdom Street  
London  
W2 6BD

## Dudgeon Offshore Wind Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTOR'S 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Dudgeon Offshore Wind Limited

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

### OPINION

We have audited the financial statements of Dudgeon Offshore Wind Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account and other comprehensive income, the Balance Sheet, the Statement of changes in equity 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 United Kingdom Accounting Standards including FRS 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. 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.

### EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to note 1 and 20 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Dudgeon Offshore Wind Limited

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

#### OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 2-6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

#### 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.

## Dudgeon Offshore Wind Limited

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

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

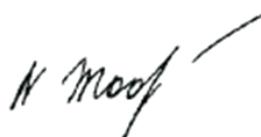
#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.



Natalia Moolman (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
**27** July 2020

# Dudgeon Offshore Wind Limited

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2019

	<i>Notes</i>	<b>2019</b> £'000	<b>2018</b> £'000
<b>TURNOVER</b>	3	<b>259,799</b>	248,797
<b>COST OF SALES</b>		<b>(89,933)</b>	(78,169)
<b>GROSS PROFIT</b>		<b>169,866</b>	170,628
Administrative expenses		<b>(6,577)</b>	(10,059)
Other operating income		<b>3,022</b>	-
Foreign exchange gains /(losses)		<b>185</b>	(3,358)
<b>OPERATING PROFIT</b>	4	<b>166,496</b>	157,211
Interest receivable and similar income	5a	<b>9,072</b>	298
Interest payable and similar charges	5b	<b>(42,480)</b>	(53,424)
Fair value movement on financial instruments		<b>(6,687)</b>	13,113
<b>PROFIT BEFORE TAXATION</b>		<b>126,401</b>	117,198
Taxation	6	<b>(20,512)</b>	(18,700)
<b>PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<b>105,889</b>	98,498

All operations are derived from continuing operations in both the current and preceding year.

There are no other gains or losses in the current or preceding year other than the profit for the years.

Notes on pages 14 to 29 form part of these financial statements.

# Dudgeon Offshore Wind Limited

BALANCE SHEET  
at 31 December 2019

Registered number 4418909

	<i>Notes</i>	2019 £'000	Restated 2018 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>1,242,749</b>	1,289,123
<b>CURRENT ASSETS</b>			
Debtors (including £366,165 (2018 : £366,165) due after more than one year)	8	<b>411,532</b>	419,237
Cash at bank and in hand		<b>81,616</b>	22,845
		<b>493,148</b>	442,082
<b>CREDITORS:</b> amounts falling due within one year	9	<b>(158,126)</b>	(156,313)
<b>PROVISIONS:</b> amounts falling due within one year	12	<b>(15,778)</b>	(17,652)
		<b>319,244</b>	268,117
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,561,993</b>	1,557,240
<b>CREDITORS:</b> amounts falling due after more than one year	11	<b>(1,175,608)</b>	(1,187,280)
<b>PROVISIONS</b>	12	<b>(369,989)</b>	(370,131)
<b>NET ASSETS / (LIABILITIES)</b>		<b>16,396</b>	(171)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	-	-
Profit and loss account		<b>16,396</b>	(171)
<b>SHAREHOLDERS' FUNDS / (DEFICIT)</b>		<b>16,396</b>	(171)

Notes on pages 14 to 29 form part of these financial statements.

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

..... S Flørenæs - Director  
23 July 2020

# Dudgeon Offshore Wind Limited

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2019

Registered number 4418909

	Share capital	Profit & loss	Total
	Account	Shareholder's Funds	
	£'000	£'000	£'000
At 1 January 2018	188,300	(22,943)	165,357
Reduction in share capital	(188,300)	188,300	-
Profit for the year	-	98,498	98,498
Dividend distribution	-	(264,026)	(264,026)
	=====	=====	=====
<b>At 31 December 2018</b>	<b>-</b>	<b>(171)</b>	<b>(171)</b>
	=====	=====	=====
At 1 January 2019	-	(171)	(171)
Profit for the year	-	105,889	105,889
Dividend distribution	-	(89,322)	(89,322)
	=====	=====	=====
<b>At 31 December 2019</b>	<b>-</b>	<b>16,396</b>	<b>16,396</b>
	=====	=====	=====

Notes on pages 14 to 29 form part of these financial statements.

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

### 1. ACCOUNTING POLICIES

Dudgeon Offshore Wind Limited is a company limited by shares and incorporated and domiciled in England and Wales, registration number 4418909. The registered office is shown on page 1.

#### *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”) and issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. 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 and in accordance with applicable UK accounting standards.

The Company’s parent undertaking, Dudgeon Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Dudgeon Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from 1 Kingdom Street, London, W2 6BD. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Dudgeon Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

#### *Going concern*

On the basis of current financial projections and available facilities, the directors of the Company consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements.

The Company’s business activities together with the factors likely to affect its future developments and the Company’s objectives, policies and processes from managing its risks are set out in the Strategic Report.

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Going concern (continued)*

The Company's going concern assumption is based on the outcome of scenarios that show the Company's ability to withstand the expected market disruption arising from the COVID-19 post balance sheet event including varying the duration of the effects of the pandemic and the timing of recovery as the restriction measures on society and business are eased.

The implementation of social restriction measures by the UK government has created uncertainty in relation to the timing of a return to normalised electricity demand levels and the ability to run operations at full efficiency with the potential loss of Key Personnel. In addition, limitations in travel, social distancing and the availability of materials may have an effect on the efficiency of operations. The Company is protected against any possible pricing volatility as a result of lower power demands due to the fixed renewable subsidy income received.

The Company has modelled various scenarios to determine the impact of a potential reduction in production volumes. 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 next 12 months from the date of approval of these financial statements. Given the Group's strong liquidity position, the directors adopt the going concern basis in preparing the financial statements.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Research and development*

Research expenditure is written off as incurred.

#### *Interest payable / receivable and similar charges / income*

Upfront loan facility fees are capitalised and released to the profit and loss account over the term of the loan.

Loan commitment fees are charged to the profit and loss account when payable.

Finance costs incurred from the unwinding of the discount factor on long term liabilities are charged to the profit and loss account.

All other interest payable or receivable is charged or credited to the profit and loss account as incurred.

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Taxation*

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### *Leasing*

Assets held under finance leases are capitalised in the balance sheet and are depreciated over the primary lease term. The corresponding lease commitment is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of capital payments outstanding.

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

#### *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 classified as basic financial instruments*

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

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Basic financial instruments (continued)*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *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.

##### *Tangible Fixed Assets*

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.

During the construction phase of the wind farm, all loan interest, whether on parent company or third party loans was considered to be directly attributable to the construction of the wind farm and was therefore capitalised.

Interest payable and receivable on rate swaps is considered to be part of the Company's borrowing cost and was therefore capitalised in the same way as loan interest.

Leased assets are initially recorded at the present value of lease payments. The asset is subsequently depreciated over its remaining useful economic life.

##### *Depreciation*

Capitalised decommissioning costs and owned windfarm assets are depreciated on a straight line basis over their estimated useful economic lives of 27 years starting the month after they commence full production.

Leased assets are depreciated on a straight line over the 20 year term of the lease.

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Asset Retirement Obligation*

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, discounted to the balance sheet date at a pre-tax rate reflecting the time value of money and risks specific to the liability. 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.

#### *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.

This is derived from the sale of electricity under a power purchase agreement (PPA) with Equinor ASA/Danske Commodities AS and Statkraft Markets GmbH 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. During the year, the PPA contract with Equinor ASA was transferred to Danske Commodities AS, a fully owned subsidiary of Equinor ASA.

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.

#### *Prior year adjustment*

The classification between current liabilities and amounts falling due after more than one year has been restated in the comparative figures. The loans, bonds and long term lease liabilities were all shown as due after more than one year in the 2018 financial statements. The balances have been restated as follows:

Description	Amounts due in less than one year £'000	Amounts due after more than one year £'000	Total £'000
Loans (included within creditors)	64,058	483,712	547,770
Bonds (included within creditors)	11,649	689,701	701,350
Long term lease (included within provisions)	17,652	280,980	298,632

This restatement does not affect net assets or the profit and loss account for the year ended 31 December 2018.

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 2. STAFF COSTS

There were no staff costs for the years ended 31 December 2019 and 31 December 2018.

The Company has no employees. The directors did not receive, nor were due, any remuneration in respect of their services to the Company in either year.

### 3. TURNOVER

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

#### TURNOVER BY ACTIVITY

	2019 £'000	2018 £'000
Sale of electricity under PPA	57,654	77,176
Income from CFD	202,145	171,621
	<hr/>	<hr/>
	259,799	248,797
	<hr/>	<hr/>

#### TURNOVER BY GEOGRAPHICAL REGION

	2019 £'000	2018 £'000
Rest of Europe	57,654	77,176
United Kingdom	202,145	171,621
	<hr/>	<hr/>
	259,799	248,797
	<hr/>	<hr/>

### 4. OPERATING PROFIT

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

	2019 £'000	2018 £'000
Auditor's remuneration - audit	45	50
Foreign exchange (gains) / losses	(185)	3,358
Depreciation	54,351	48,562
Operating lease expenditure	12,254	10,884
	<hr/>	<hr/>

### 5a. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Interest receivable from group companies	8,798	298
Bank interest receivable	274	-
	<hr/>	<hr/>
	9,072	298
	<hr/>	<hr/>

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 5b. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Bank and similar charges	73	148
Amortisation of facility fees	855	16,986
Interest on long term loans and bonds	29,750	26,878
Interest on derivatives	2481	6,318
Finance cost on unwinding of discount factor on long term liabilities	9,321	3,094
	<hr/> <b>42,480</b>	<hr/> <b>53,424</b>
	<hr/> <hr/>	<hr/> <hr/>

### 6. TAX

#### a) Tax on profit / (loss) on ordinary activities:

	2019 £'000	2018 £'000
<i>Current tax:</i>		
Corporation tax on profit for the period at 19% (2018: 19%)	16,231	8,723
Capital gains tax	-	4,109
Prior year adjustment	(3,229)	(230)
Total current tax	<hr/> <b>13,002</b>	<hr/> <b>12,602</b>
<i>Deferred tax:</i>		
Current year movement	8,109	10,329
Recognition of prior year deferred tax	(599)	(4,231)
Total deferred tax	<hr/> <b>7,510</b>	<hr/> <b>6,098</b>
Total tax charge (note 6b)	<hr/> <b>20,512</b>	<hr/> <b>18,700</b>
	<hr/> <hr/>	<hr/> <hr/>

#### b) Factors affecting current tax charge:

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit before taxation	126,401	117,198
Profit multiplied by standard rate of		
Corporation tax in the UK of 19% (2018: 19%)	24,016	22,268
Disallowable decommissioning costs	1,110	1,087
Corporation tax rate changes	(614)	(165)
Other permanent difference	(172)	(29)
Recognition of prior year deferred tax	(599)	(4,231)
Prior year adjustment to current tax	(3,229)	(230)
Total tax charge	<hr/> <b>20,512</b>	<hr/> <b>18,700</b>
	<hr/> <hr/>	<hr/> <hr/>

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 6. TAX (CONTINUED)

c) Deferred tax:

	2019 £'000	2018 £'000
Deferred tax is shown on the balance sheet within:		
Current debtors	-	3,844
Creditors : amounts falling due after less than one year	(352)	-
Creditors : amounts falling due after more than one year	(17,181)	(13,867)
	<hr/> <b>(17,533)</b>	<hr/> <b>(10,023)</b>
	<hr/> <hr/>	<hr/> <hr/>

	2019 £'000	2018 £'000
The breakdown of deferred tax on the balance sheet is:		
Accelerated capital allowances	(15,807)	(12,877)
Capitalised interest	(6,870)	(7,194)
Tax losses	-	3,856
Other	5,144	6,192
	<hr/> <b>(17,533)</b>	<hr/> <b>(10,023)</b>
	<hr/> <hr/>	<hr/> <hr/>

d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020 was substantively enacted on 6 September 2016.

Deferred tax has been recognised at a rate of 17% for fixed assets. The deferred tax on capitalised interest and the deferred gain on the OFTO are recognised at a blended rate of 19% on temporary which are expected to reverse before 31 March 2020 and 17% on temporary differences which are expected to reverse after that date.

The finance bill published on 19 March 2020 reversed the decision to cut corporation tax rates on 1 April 2020.

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 7. TANGIBLE FIXED ASSETS

	Capitalised decommissioning costs	Leased transmission assets	Wind farm assets	Total
	£'000	£'000	£'000	£'000
<b>COST</b>				
At 1 January 2019	85,189	297,927	967,044	1,350,160
Additions	-	-	800	800
Addition due to change in discount factor	7,177	-	-	7,177
<b>At 31 December 2019</b>	<b>92,366</b>	<b>297,927</b>	<b>967,844</b>	<b>1,358,137</b>
	=====	=====	=====	=====
<b>DEPRECIATION</b>				
At 1 January 2019	5,024	1,839	54,174	61,037
Charge in year	3,608	14,929	35,814	54,351
<b>At 31 December 2019</b>	<b>8,632</b>	<b>16,768</b>	<b>89,988</b>	<b>115,388</b>
	=====	=====	=====	=====
<b>NET BOOK VALUE</b>				
<b>At 31 December 2019</b>	<b>83,734</b>	<b>281,159</b>	<b>877,856</b>	<b>1,242,749</b>
	=====	=====	=====	=====
<b>At 31 December 2018</b>	<b>80,165</b>	<b>296,088</b>	<b>912,870</b>	<b>1,289,123</b>
	=====	=====	=====	=====

The aggregate amount of capitalised interest to 31 December 2019 was £44,540k (2018: £44,540k). The capitalisation rate in 2019 was 0% (2018 : 0%). Further capitalisation of interest ceased over the period of commencement of generation.

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 8. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	<b>21,460</b>	10,692
Prepayments and accrued income	<b>23,428</b>	27,800
Corporation tax	-	3,968
VAT recoverable	<b>435</b>	328
Other debtors	<b>44</b>	6,440
Deferred tax asset	-	3,844
Loan to parent company (due after more than one year)	<b>366,165</b>	366,165
	<hr/> <b>411,532</b>	<hr/> 419,237
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 £'000	2018 £'000	Restated
Trade creditors	<b>146</b>	3,202	
Amount owed to parent company	<b>57</b>	-	
Corporation tax	<b>8,978</b>	-	
Deferred tax	<b>352</b>	-	
Loans	<b>67,016</b>	64,058	
Bonds	<b>11,861</b>	11,649	
Accruals and deferred income	<b>59,093</b>	72,674	
Amounts owed to related parties	<b>936</b>	1,730	
Other financial liabilities (see note 10)	<b>9,687</b>	3,000	
	<hr/> <b>158,126</b>	<hr/> 156,313	
	<hr/> <hr/>	<hr/> <hr/>	

### 10. OTHER FINANCIAL LIABILITIES

	2019 £'000	2018 £'000
Fair value of interest rate swaps with third parties	<b>9,687</b>	3,000
	<hr/> <hr/>	<hr/> <hr/>

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

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

	2019 £'000	Restated 2018 £'000
Loans – net of unamortised set up costs	421,926	483,712
Bonds	682,490	689,701
Deferred profit on disposal	54,011	-
Deferred tax	17,181	13,867
	<hr/> <b>1,175,608</b>	<hr/> 1,187,280
	<hr/>	<hr/>

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 starting in June 2019 and ending on 15 June 2026. Facilities shall be repaid in full on 15 June 2032.

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 total outstanding amount at 31 December 2019 was £493,942k (2018 : £547,777k) on the TLF and £nil on the other Facilities (2018 : £nil).

Details of the Commercial Facilities Agreement are as follows:

Facility Start Date:	18 December 2018
Facility End Date:	TLF: 15 June 2026 DSRF: 15 June 2032 RWCF: 15 June 2032
Interest Rate:	The aggregate of: (i) The Margin; and (ii) LIBOR, provided that, if the aggregate of the two is less than zero, the rate of interest shall be deemed to be zero.

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

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

Margin: (a) for the TLF:  
(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%  
(ii) from 16 December 2024: 1.1%

(b) for the DSRF:  
(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%  
(ii) from 16 December 2024 up to (and including) 15 June 2026: 1.1%  
(iii) from 16 June 2026 up to (and including) 15 December 2029: 1.3%  
(iv) from 16 December 2029: 1.4%

(b) for the RWCF:  
(i) from the date of the agreement up to (and including) 15 December 2024: 0.9%  
(ii) from 16 December 2024 up to (and including) 15 June 2026: 1.1%  
(iii) from 16 June 2026 up to (and including) 15 December 2029: 1.3%  
(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.  
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 lender has fixed and floating charges over the assets of the company.

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 12. PROVISIONS

	Decommissioning provision £'000	Lease on transmission assets £'000	Total £'000
At 1 January 2019	89,151	298,632	387,783
Finance charge (see note 5b)	2,232	7,089	9,321
Lease repayments	-	(18,514)	(18,514)
Change in assumptions	(12,622)	-	(12,622)
Revision of discount factor	19,799	-	19,799
<b>At 31 December 2019</b>	<b>98,560</b>	<b>287,207</b>	<b>385,767</b>

The decommissioning provision is the present value of costs expected costs 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 over 20 years and therefore there is a risk that these cost estimates are not accurate. The costs are then discounted back to present value at a pre-tax rate of 1.92% (2018: 2.69%) that reflects current market assessments of the time value of money and risks specific to the liability. As the discount factor varies, adjustments are made to the present value of the liability.

The lease liability on transmission assets is payable as follows:

	2019 £'000	2018 £'000
Amounts falling due in less than one year	15,778	17,652
Amounts falling after more than one year of which £208,937k is due after more than 5 years (2018 : £222,282k due after more than 5 years)	271,429	280,980
	<b>287,207</b>	298,632

### 13. SHARE CAPITAL

	Ordinary shares £'000
At 1 January and at 31 December 2019 - 188,300,000 ordinary shares of £0.000001	-

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 14. RELATED PARTIES

During the period 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				
-2019	<b>2,103</b>	<b>32,717</b>	—	<b>134</b>
-2018	2,960	54,023	6,402	231
Danske Commodities AS				
-2019		<b>10,723</b>	—	
-2018	—	—	—	—
Equinor UK Limited				
-2019	<b>4,569</b>	—	—	<b>802</b>
-2018	9,250	—	—	1,499
Equinor Energy AS				
-2019		—	—	
-2018	—	—	—	—
Equinor Production UK Limited				
-2019	<b>132</b>	—	—	—
-2018	—	—	—	—
Hywind (Scotland) Limited				
-2019		<b>118</b>	—	
-2018	—	—	11	—
Scira Offshore Energy Limited				
-2019	<b>8</b>	—	—	—
-2018	—	—	—	—

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 AS, 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.

# Dudgeon Offshore Wind Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2019 £'000	2018 £'000
Opening shareholders' funds	(171)	165,357
Profit for the financial year	<b>105,889</b>	98,498
Dividend distribution	(89,322)	(264,026)
 Closing shareholders' funds	 <b>16,396</b>	 (171)
	<hr/>	<hr/>

### 16. ESTIMATES AND JUDGEMENTS

#### *Provisions*

The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised.

Any changes in the expected future costs are reflected in both the decommissioning liability and the asset.

Changing the assumptions selected by management, in particular the cost estimate, timing and discount rate used in the present value calculation, could significantly affect the valuation of decommissioning assets and liabilities.

### 17. CAPITAL COMMITMENTS

The Company had no specific commitments contracted for but not provided in the financial statements at 31 December 2019 (31 December 2018 : £nil.)

### 18. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	2019 £'000	2018 £'000
Amounts falling due in less than one year	9,183	8,305
Amounts falling due between one and five years	9,647	15,953
Amounts falling due after more than five years	4,735	5,363
 	<hr/>	<hr/>
	<b>23,565</b>	29,621
	<hr/>	<hr/>

During the year ended 31 December 2019 £11,083k was recognised as an expense in the profit and loss account in respect of operating leases (2018 : £10,884k).

# Dudgeon Offshore Wind Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2019

### **19. ULTIMATE CONTROLLING PARTY**

The company 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 parents, Equinor New Energy Limited, CRC New Energy (UK) Limited and Masdar Offshore Wind UK Limited..

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.

### **20. POST BALANCE SHEET EVENT**

On 30 January 2020, subsequent to the balance sheet date, the World Health Organisation declared COVID-19 as a public health emergency and on 11 March 2020 the virus was declared as a pandemic. Given the COVID-19 escalation subsequent to the balance sheet date and considering the virus did not impact the Company in the year ended 31 December 2019, none of the conditions at the balance sheet date indicated that any adjustment would be required to the Company's financial statement, in accordance with FRS102 Section 32.

The forecasts used for the Company's going concern assessment have been updated to reflect the Directors assessment of the impact of COVID-19 at the date of approval of the financial statements.

On 29 May 2020 the Company has paid out a dividend of £4,230,000 to its shareholder and in June 2020 the directors approved a further dividend of £65,000,000 to be paid during 2020. At the time of paying and approving the dividends a thorough analysis was completed regarding the liquidity of the Company, taking into account the impact of COVID-19, as discussed in note 1. Sufficient headroom in liquidity was deemed to be available to distribute the dividends and continue to safeguard the Company's operations for at least 12 months from the date of approval of the financial statements.