

Registered number 6873902

Seagreen Wind Energy Limited  
Annual Report and Financial Statements  
for the year ended 31 March 2019



# **Annual Report and Financial Statements for the year ended 31 March 2019**

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# Seagreen Wind Energy Limited

## Strategic report for the year ended 31 March 2019

Seagreen Wind Energy Limited (the 'company') is a wholly owned subsidiary of SSE Renewables Developments (UK) Limited. Until 25th September 2018 Seagreen was a joint venture between Fluor Limited and SSE Renewables Developments (UK) Limited with each partner holding 50% of the share capital. On this date SSE acquired the shareholding of Fluor Limited.

Until 31<sup>st</sup> December 2018, the company held the exclusive developments rights through the Zone Development Agreement (ZDA) on this date the ZDA expired. The expiration of the ZDA triggered termination of the Development Services Agreement (DSA) between Seagreen Wind Energy Limited and subsidiaries Seagreen Alpha Wind Energy Limited and Seagreen Bravo Wind Energy Limited. The company has an agreement for lease with The Crown Estate, Scotland, as part of the UK Round 3 Offshore Wind Farm Development Programme providing exclusive rights for the development of offshore wind farms within the Firth of Forth zone, Scotland.

### Results and financial position

The company's result for the year after taxation amounted to a loss of £15,000 (2018: loss of £72,000). The effect of this is to increase the company's retained deficit by £15,000 to £1,307,000 (2018: £1,292,000).

### Principal activities

The company's principal activity is to develop an offshore wind farm site with a maximum consented capacity of 1.5 GW. Development activities are capitalised as intangibles as they meet the criteria of the appropriate accounting standard

### Review of business

The company plans to develop an offshore wind farm within the Firth of Forth, Scotland. In June 2019 a review of Seagreen Wind Energy Limited and its subsidiaries was undertaken to enable future debt and equity investment. The restructuring of Seagreen Wind Energy Limited and subsidiaries was executed on 27<sup>th</sup> June 2019. Shares in Seagreen Charlie Wind Energy Limited have been transferred to Seagreen Golf Wind Energy Limited and shares in Seagreen Delta Wind Energy Limited have been transferred to Seagreen Foxtrot Wind Energy Limited. With shares in Seagreen Echo Wind Energy Limited, Seagreen Golf Wind Energy Limited and Seagreen Foxtrot Wind Energy Limited subsidiaries transferred to SSE Renewables Developments (UK) Limited and renamed as Seagreen Holdco 1 Limited, Seagreen Holdco 2 Limited and Seagreen Holdco 3 Limited respectively.

Following company restructure, on 29<sup>th</sup> August 2019 Seagreen Wind Energy Limited submitted a competitive bid for the round 3 Contracts for Difference (CfD) auction and on 20<sup>th</sup> September 2019 was allocated at CfD for 454 MW.

### Key performance indicators

The company measures actual and forecast financial performance against the approved cost budget on a monthly basis. The budget is subject to annual review and approval by the directors.

### Outlook

The company continues to develop technical alternatives for the future exploitation of the development Zone. See the section below on risks and uncertainties for further information. With consents achieved the company will seek, subject to the outcome of the judicial review, to develop the wind farms in accordance with those provisions and the economic environment.

### Principal risks and uncertainties

#### *Award of consents*

Prior to 27<sup>th</sup> June 2019 the company provided development services to its subsidiaries to take potential projects to the approval stage, which will only be financially viable if the consents are obtained. Following company restructure the development services agreement has been terminated and the windfarm will be developed under Seagreen Wind Energy Limited. For the consents to be awarded, a robust assessment of the environmental impact of the facility is submitted to the consenting authorities. The authorities will only grant consent if they believe

# Seagreen Wind Energy Limited

## Strategic report for the year ended 31 March 2019 (continued)

that the environmental impacts are acceptable. Inaccurate or inadequate assessment is likely to result in failure to gain consent and/or lead to inappropriate consent conditions imposed by the authorities. The failure to gain the necessary consents is mitigated by the early engagement with key stakeholders, early planning for environmental and engineering works and by sourcing the best available knowledge and expertise.

### *Timely grid connection*

Connection to the UK Electricity Transmission Network is essential to enable the power generated by the wind farms to be delivered to the consumer and provide the necessary revenue stream. Failure to achieve timely grid connection reduces the viability of an offshore wind farm.

Applying to the National Grid for a grid connection at the earliest opportunity increases the likelihood of receiving a grid connection date in line with the project timescales. In addition, an early application allows an early definition, planning and timely execution of the system works required to support the connection of new generation capacity to the UK Electricity Transmission Network.

As of 4 January 2011, the company signed the grid connection agreement with National Grid. Current connection capacity is agreed for a total of 2.45 GW. The agreed connection dates are in line with the current programme of the development.

By order of the Board



Director

Date: 23/10/19

Registered office:  
No.1 Forbury Place,  
43 Forbury Road,  
Reading,  
RG1 3JH  
Registered number: 6873902

# Seagreen Wind Energy Limited

## Directors' report for the year ended 31 March 2019

The directors present their annual report and the audited financial statements of Seagreen Wind Energy Limited for the year ended 31 March 2019 in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

### Directors

The directors who served the company during the period and up to the date of signing the financial statements were as follows:

- |                                 |  |
|---------------------------------|--|
| • Penny Jay Langford            | Resigned 25 <sup>th</sup> October 2018   |
| • Graham Melville Mason         | Resigned 24 <sup>th</sup> September 2018 |
| • Angus Alexander George Murray | Resigned 24 <sup>th</sup> September 2018 |
| • Michael John William Seaton   | Resigned 24 <sup>th</sup> October 2018   |
| • Finlay Alexander McCutcheon   | Appointed 25 <sup>th</sup> October 2018  |
| • Paul Gerald Cooley            | Appointed 25 <sup>th</sup> October 2018  |

The Articles of Association of the company provide that in certain circumstances the directors are entitled to be indemnified against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Company Secretary

- |                     |                                      |
|---------------------|--------------------------------------|
| • Ronan Beale       | Resigned 14 <sup>th</sup> June 2018  |
| • Suzanne Borrowman | Appointed 14 <sup>th</sup> June 2018 |

### Future developments

The directors believe that during the year the company performed to expectations and achieved deliverables. The directors also believe that the company has the experience and resources to continue to deliver. With consents achieved the company will seek to develop an offshore wind farm in accordance with those provisions and economic environment.

Seagreen Wind Energy limited submitted a competitive sealed bid on 29<sup>th</sup> August 2019 in the round 3 CfD auction. On 20<sup>th</sup> September 2019 Seagreen Wind Energy Limited was allocated a CfD for 454 MW.

### Going concern

The Company's business activities, together with the factors likely to affect its financial position and its principal risks and uncertainties are described in the strategic report on pages 1 and 2.

The directors consider that support over the next twelve months will continue to be provided by the shareholders as indicated in the letters of support from the parent and ultimate parent companies. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and accounts.

### Brexit

The directors are aware of the political uncertainty as a result of Brexit. This is being closely monitored by the directors but, given the activities of the Company, is not expected to have a significant impact on the financial statements for the year ended 31 March 2019.

# **Seagreen Wind Energy Limited**

## **Directors' report for the period ended 31 March 2019 (continued)**

### **Independent auditor**

The auditor, Ernst & Young LLP, is deemed to be reappointed in accordance with an elective resolution made under section 485 of the Companies Act 2006.

### **Statement of directors' responsibilities in relation to financial statements**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU. 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, will continue to adopt the going concern basis in preparing the accounts.

# Seagreen Wind Energy Limited

## Directors' report for the period ended 31 March 2019 (continued)

### Disclosure of Information to the Auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 3.

Having made inquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Director 

Date: 23/10/19

Registered office:  
No.1 Forbury Place,  
43 Forbury Road,  
Reading,  
RG1 3JH  
Registered number: 6873902

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAGREEN WIND ENERGY LIMITED**

### **Opinion**

We have audited the financial statements of Seagreen Wind Energy Limited for the year ended 31 March 2019 which comprise the Income statement, Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of Cash flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

### **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.

### **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.

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

*Ernst & Young LLP*

Annie Graham (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow  
23 October 2019

# Seagreen Wind Energy Limited

## Income statement

	Note	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Other Income	5	5	(6)
Administrative expenses	4	(20)	(66)
<b>(Loss)/profit from operations before taxation</b>		<b>(15)</b>	<b>(72)</b>
Income tax expense	8	-	-
<b>(Loss)/profit for the year</b>		<b>(15)</b>	<b>(72)</b>

No comprehensive income in the year to March 19.

## Statement of changes in equity

	Issued Capital £000	Retained deficit £000	Total £000
Balance at 1 April 2017	-	(1,220)	(1,220)
Total comprehensive loss for the year	-	(72)	(72)
Balance at 31 March 2018	-	(1,292)	(1,292)
Total comprehensive loss for the year	-	(15)	(15)
<b>Balance at 31 March 2019</b>	<b>-</b>	<b>(1,307)</b>	<b>(1,307)</b>


# Seagreen Wind Energy Limited

## Statement of financial position

Registration number: 6873902

	Note	31 March 2019 £000	31 March 2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	9	1	1
<b>Intangible assets</b>	10	<b>63,756</b>	-
<b>Total non-current assets</b>		<b>63,757</b>	1
<b>Current assets</b>			
Inventories	11	-	36,817
Other receivables	12	475	13
Cash and cash equivalents		5,185	782
<b>Total current assets</b>		<b>5,660</b>	<b>37,612</b>
<b>Total assets</b>		<b>69,417</b>	<b>37,613</b>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	13	48,430	28,980
Other non-current financial liabilities	14	10,514	8,775
<b>Total non-current liabilities</b>		<b>58,944</b>	<b>37,755</b>
<b>Current liabilities</b>			
Trade and other payables	15	11,780	1,150
<b>Total current liabilities</b>		<b>11,780</b>	<b>1,150</b>
<b>Total liabilities</b>		<b>70,724</b>	<b>38,905</b>
<b>Equity</b>			
Issued capital	16	-	-
Retained deficit		(1,307)	(1,292)
<b>Total equity and liabilities</b>		<b>69,417</b>	<b>37,613</b>

The financial statements were approved by the board of directors on 23rd October 2019 and were signed on its behalf by:

  
P. Cooley  
Director

# Seagreen Wind Energy Limited

## Statement of cash flows

		Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
	Note		
<b>Operating activities</b>			
(Loss)/profit from operations before taxation		(15)	(72)
Adjustments to reconcile (loss) from operations before taxation to net cash flows			
Decrease/(Increase) in other receivables	12	(462)	(5)
Increase/(Decrease) in trade and other payables	14 & 15	12,369	2,021
Finance Income	5	(2)	(1)
Finance Costs	5	2	1
<b>Net cash inflow/(outflow) from operating activities</b>		<b>11,892</b>	<b>1,944</b>
<b>Investing activities</b>			
Purchase of intangible assets	10	(26,939)	(3,854)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(26,939)</b>	<b>(3,854)</b>
<b>Financing activities</b>			
(Decrease)/Increase in interest bearing loans and borrowings	13	19,450	2,000
<b>Net cash (outflow)/inflow from financing activities</b>		<b>19,450</b>	<b>2,000</b>
Increase/(Decrease) in cash		4,403	90
Cash and cash equivalents at beginning of the year		782	692
Cash and cash equivalents at the year end		5,185	782

# Seagreen Wind Energy Limited

## Notes to the financial statements

### 1 Company information

The company is a limited company incorporated and domiciled in England. The registered office is located at No.1 Forbury Place, 43 Forbury Road, Reading RG1 3JH. The company's financial statements for the 31 March 2019 were authorised to issue in accordance with a resolution of the directors on 23rd October 2019.

### 2 Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006. The principal accounting policies, which have been consistently applied throughout the period, are set out in Note 3.

The company's financial statements are presented in British Pounds and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

#### Going concern

The Company has net liabilities and is dependent on financial support provided by its parent, SSE Renewables Developments (UK) Limited. SSE Renewables Developments (UK) Limited has given a formal undertaking not to withdraw this support for a period of at least twelve months following the approval of these financial statements. Given this formal undertaking to support the company, the directors have considered it appropriate to prepare these financial statements on a going concern basis.

### 3 Accounting policies

#### Group Accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 402 and Section 405(2) of the Companies Act 2006. The Company is consolidated within SSE Plc accounts.

#### Intangible Assets

Intangible assets are initially recognised at cost. Following initial recognition, intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses. Development assets are recognised as intangibles where the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs relate to the design and development of an offshore windfarm. Costs capitalised as development intangibles include planning costs, environmental impact studies and other costs required to bring the windfarm to the consented stage. At the point where development reaches the consented stage and is approved for construction the carrying value is transferred to Property, Plant and Equipment

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present condition. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

Inventories are defined as:

- Assets held for sale in the ordinary course of business;
- Assets in the process of preparation for such sale.

#### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received. When the grant relates to an asset, the fair value is credited to the cost of the asset and the grant will be recognised in the statement of comprehensive income by way of a reduced depreciation charge.

#### Investment in subsidiary

The investment in each subsidiary undertaking is held at historic cost less provisions for impairment in value.

#### Financial assets and liabilities

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The company only has loans and borrowings and trade receivables and payables.

The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

#### Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

#### Taxation

##### *Current Tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. UK tax rates and tax laws are used to compute the amounts.

##### *Deferred Tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

#### VAT

Assets and expenses are recognised net of VAT except where VAT incurred on purchases is not recoverable from the taxation authorities. In that case VAT is recognised as part of the cost of asset or expense item as applicable.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable, to the taxation authorities is included as part of receivables or payables in the statement of financial position.

#### Borrowing costs

Borrowing costs directly attributable to an asset that takes a substantial period of time to get ready for use or sale are capitalised as part of the cost of the respective asset.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the company incurs in connection with borrowing funds.

#### Key estimations, assumptions and judgements

The company applies estimates, assumptions and judgements in preparation of the financial statements. The accounting estimates outcome may not equate with the actual results, which will only be known in time.

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

#### New and Amended Standards

SSE PLC adopted both IFRS 9 and IFRS 15 across the group on 1 April 2018. The adoption of IFRS 9 had no impact on the presentation of the financial statements for the year ended 31 March 2019. The adoption of IFRS 15 had no impact on the presentation of the financial statements for the year ended 31 March 2019 as there is no revenue.

Standard	Effective from periods beginning
IFRS 9 Financial Instruments	1 April 2018
IFRS 15 Revenue from Contracts with Customers	1 April 2018

#### Standards issued but not yet effective

IFRS 16 Leases has been endorsed by the EU and will be effective for accounting periods commencing on or after 1 January 2019 and replaces IAS 17. Assessment of current leases has indicated there will be minimal impact on the financial statements.

IFRS 17 Insurance contracts is subject to EU endorsement and is effective for accounting period commencing on or after 1 January 2021. IFRS 17 replaces IFRS 4. IFRS 17 is deemed to have no impact on the financial statements.



# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 4 Administrative expenses

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Professional fees	20	66
<b>Total</b>	<b>20</b>	<b>66</b>

### 5 Other income and expenses

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Finance Cost	(2)	(1)
Finance Income	2	1
Other Income	5	(6)
<b>Total</b>	<b>5</b>	<b>(6)</b>

### 6 Auditor's remuneration

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
<b>Services provided by the company's auditor</b>		
- Fees payable for the audit	20	18
- Fees payable for other services – tax compliance	-	48

### 7 Directors' emoluments and employee information

None of the directors are employed by the company. The directors did not receive any emoluments in respect of their services to the company.

The company had no employees at any time during the year.

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 8 Taxation

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
<b>Current tax:</b>		
UK corporation tax for the period	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	-	-
<b>Tax on profit from operations</b>	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
<b>Profit from operations before taxation</b>	<b>(15)</b>	<b>(72)</b>
(Loss)/profit from operations at the UK effective tax rate 19% (2018: 19%)	<b>(3)</b>	<b>(14)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>3</b>	<b>14</b>
<b>Current tax charge</b>	<b>-</b>	<b>-</b>

The company has tax losses of £852,239 (2018: £837,239) that should be available for offset against future taxable profits. Deferred tax asset has not been recognised in respect of these tax losses as they are not expected to offset taxable profits of the company in the foreseeable future, and therefore, the company has unrecognised deferred tax asset of £144,881 as of 31 March 2019 (2018: £142,331). Although no tax is payable there has been an adjustment to tax losses in prior years of £277,239 following finalisation of tax returns to HMRC.

## Seagreen Wind Energy Limited

### Notes to the financial statements (continued)

#### 9 Investment in subsidiaries

	31 March 2019 £	31 March 2018 £
Seagreen Alpha Wind Energy Limited	100	100
Seagreen Bravo Wind Energy Limited	100	100
Seagreen Charlie Wind Energy Limited	100	100
Seagreen Delta Wind Energy Limited	100	100
Seagreen Echo Wind Energy Limited	100	100
Seagreen Foxtrot Wind Energy Limited	100	100
Seagreen Golf Wind Energy Limited	100	100
<b>Total</b>	<b>700</b>	<b>700</b>

The company holds 100% of the ordinary share capital of its subsidiaries. All subsidiaries are incorporated in the United Kingdom.

The company has recognised no provision for impairment. The directors believe that the carrying value of the investment is supported by the underlying net assets.

#### 10 Intangible assets

	Development Costs £000	Total £000
<b>Cost</b>		
At 1 April 2017	-	-
Additions	-	-
<b>At 31 March 2018</b>	<b>-</b>	<b>-</b>
Transfers from inventories	36,817	36,817
Additions	26,939	26,939
<b>At 31 March 2019</b>	<b>63,756</b>	<b>63,756</b>
<b>Net Book Value</b>		
At 31 March 2019	63,756	63,756
At 31 March 2018	-	-

Intangibles predominately relates to costs incurred in connection with the pre-commissioning phase. Included within development assets is £10,514,089 (2018: £8,775,051) of capitalised interest. Interest is charged at three month LIBOR plus 6.

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 10 Intangible assets (continued)

Intangibles have previously been disclosed as inventories and following expiration of the Zone Development Agreement and subsequent termination of the Development Services Agreement inventories have been reclassified as intangibles. No amortisation or impairment has been recognised in the year in relation to development assets as these will be transferred to Property, Plant and Equipment. Construction of the windfarm will be under Seagreen Wind Energy Limited rather than the subsidiary companies.

### 11 Inventories

	31 March 2019 £000	31 March 2018 £000
Work in progress (at cost)	-	36,817
<b>Total</b>	<b>-</b>	<b>36,817</b>

Work in progress has been transferred to Intangibles assets in the year to 31 March 2019 as detailed in note 10.

### 12 Other receivables

	31 March 2019 £000	31 March 2018 £000
VAT receivable	475	13
<b>Total</b>	<b>475</b>	<b>13</b>

For terms and conditions for related party receivables refer to Note 19.

Other receivables are on 10 to 30 days terms. At 31 March 2019 other receivables at initial value of £474,860 (2018: £13,345) were not impaired.

Ageing analysis of other receivables at 31 March 2019 is set out in the table below.

	< 30 days £000	> 30 days £000	Total £000
2018	13	-	13
2019	475	-	475

## Seagreen Wind Energy Limited

### Notes to the financial statements (continued)

#### 13 Interest bearing loans and borrowings

	31 March 2019 £000	31 March 2018 £000
Amounts due to parent undertaking	48,430	28,980
<b>Total</b>	<b>48,430</b>	<b>28,980</b>

During the year Fluor Limited advanced a further £2,400,000 (2018: £1,000,000) SSE Renewables Developments (UK) Limited advanced a further £17,050,000 (2018: £1,000,000) to the company. From September 2018 onwards all advancements to the company were 100% funded by SSE Renewables Developments (UK) Limited, the acquisition of Fluor's 50% shareholding comprised of debt and equity with no amounts due to Fluor after the date of transaction. The loan bears interest at 6% above three month LIBOR. Further details on interest are included in Note 13.

SSE Renewables Developments (UK) Limited confirmed they will not seek the repayment of their portion of the outstanding loan amount within 12 months of the approval of the financial statements.

#### 14 Other non-current financial liabilities

	31 March 2019 £000	31 March 2018 £000
Amounts due to parent undertaking	10,514	8,775
<b>Total</b>	<b>10,514</b>	<b>8,775</b>

In addition to £48,429,998 (2018: £28,979,998) of interest bearing loans and borrowings owed to parent undertakings (Note 13), the company owed £10,514,089 (2018: £8,775,051) in interest on these notes.

SSE Renewables Developments (UK) Limited confirmed they will not seek the repayment of the loan and interest within 12 months of the approval of the financial statements.

#### 15 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
Accruals	11,779	1,149
Amounts due to subsidiaries	1	1
<b>Total</b>	<b>11,780</b>	<b>1,150</b>

For the terms and conditions for related party payables, refer to Note 19.

Trade payables are normally settled on 30 days terms.

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 16 Issued capital

	31 March 2019 £	31 March 2018 £
<b>Allotted, not paid</b>		
100 ordinary shares of £1 each	100	100

### 17 Capital management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent undertaking. The company relies on cash calls from the shareholders. Cash flow forecasts are prepared on a monthly basis and additional capital is called when and as approved by the directors.

The company's policy on capital management is to balance the need to meet current and ongoing commitments via monthly cash calls, whilst avoid holding excessive cash balances. As the company moves to the construction of wind farms it intends to raise an appropriate credit facility to achieve and maintain an efficient capital structure.

In accordance with the Shareholders' Agreement shareholders agreed to provide the capital to meet operating expenditure needs as provided in the approved budget. Following acquisition of Fluor's shareholding the company has been 100% funded by SSE. Historically, under the Zone Development Agreement, The Crown Estate has provided £4,827,894 to the development activities.

At 31 March 2019, shareholders provided £19,450,000 (2018: £28,979,998) of capital, The Crown Estate contributions were £4,827,894 (2018: £4,827,894). The company had outstanding commitments of £14,702,097 (2018: £3,781,428) under awarded contracts.

### 18 Financial Instruments

The company's financial instruments carried in these financial statements are set out in the table below.

	Carrying amount £000		Fair value £000	
	2019	2018	2019	2018
<b>Financial assets</b>				
Cash and cash equivalents	5,185	782	5,185	782
<b>Total financial assets</b>	<b>5,185</b>	<b>782</b>	<b>5,185</b>	<b>782</b>
<b>Financial liabilities</b>				
Interest bearing loans and borrowings (Note 13)	48,430	28,980	48,430	28,980
Other non-current financial liabilities (Note 14)	10,514	8,775	10,514	8,775
Accruals (Note 15)	11,779	1,149	11,779	1,149
Amounts due to subsidiaries (Note 15)	1	1	1	1
<b>Total financial liabilities</b>	<b>70,724</b>	<b>38,905</b>	<b>70,724</b>	<b>38,905</b>

The company's principal financial liabilities are the loans from its shareholders (Note 12 and 13). The main purpose of these loans is to raise finances for the company's principal activity. The company has

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 18 Financial Instruments (continued)

other receivables, other payables and cash balances that derive directly from its operations (Note 12 and 15).

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and liabilities approximate their carrying values.

At the reporting date, the main financial risks to which the company is exposed to are interest rate risk, liquidity risk and credit risk.

As part of the management process, the company regularly reviews key risks, assesses the potential impacts and likelihoods of occurrence and records such in the risk register. The directors are regularly informed about the key risks.

#### *Interest rate risk*

Shareholders loans bear interest at 6% above three month LIBOR (Note 15). The company is exposed to risk of interest rate fluctuating because of changes in market interest rates. The directors have assumed responsibility for managing the company's exposure to interest rate fluctuations by monitoring LIBOR rates. If LIBOR rates increase, so that it has material impact, the directors will negotiate a different basis of capital provision with the shareholders.

During the reporting period, the three month LIBOR range at 0.60% to 0.93% (2018: 0.28% to 0.71%). The directors consider the current level of fluctuation is acceptable and manageable for the company.

The table below demonstrates the sensitivity to possible change in LIBOR rates.

Change in LIBOR	Effect on tangible asset value £000	Effect on financial liabilities £000	Effect on profit before tax £000
<b>2019</b>			
+ 10%	-	13,948	-
+ 1%	-	1,394	-
- 1%	-	(1,394)	-
<b>2018</b>			
+ 10%	-	11,500	-
+ 1%	-	1,149	-
- 1%	-	(1,149)	-

#### *Liquidity risk*

The company monitors its risk to a shortage of funds using monthly cash flow forecasts. The company's policy is to balance the need to meet current and ongoing commitments via quarterly cash calls, avoiding holding excessive cash balances.

The maturity profile of the company's financial liabilities is presented in the following table.

# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 18 Financial Instruments (continued)

	< 3 months £000	> 1 year £000	Total £000
<b>2018</b>			
Interest bearing loans and borrowings (Note 13)	-	28,980	28,980
Other non-current financial liabilities (Note 14)	-	8,775	8,775
Accruals (Note 15)	1,149	-	1,149
Amounts due to parent undertaking (Note 15)	-	-	-
Amounts due to subsidiaries (Note 15)	1	-	1
<b>Total financial liabilities</b>	<b>1,150</b>	<b>37,755</b>	<b>38,905</b>

	< 3 months £'000	> 1 year £'000	Total £'000
<b>2019</b>			
Interest bearing loans and borrowings (Note 13)	-	48,430	48,430
Other non-current financial liabilities (Note 14)	-	10,514	10,514
Accruals (Note 15)	11,779	-	11,779
Amounts due to parent undertaking (Note 15)	-	-	-
Amounts due to subsidiaries (Note 15)	1	-	1
<b>Total financial liabilities</b>	<b>11,780</b>	<b>58,944</b>	<b>70,724</b>

#### *Credit risk*

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as agreed. The company's maximum exposure to credit risk is limited to the carrying value of cash and cash equivalents and other receivables. Company policies are aimed at minimising credit risk. These policies have proved effective in minimising the level of impaired and past due receivables.

### 19 Related party transactions

The company is a 100% owned subsidiary of SSE Renewables Developments (UK) Limited. The company was a joint venture equally owned by SSE Renewables Developments (UK) Limited and Fluor Limited until September 2018 where SSE Renewables Developments successfully purchased Fluor's 50% shareholding. Fluor Limited were a related party for the first six months of the financial year.

Outstanding balances at the reporting date are unsecured and settlement occurs in cash. As of 31 March 2018, and 31 March 2019 the company has not recorded any impairment of receivables for the amounts owed by the related parties.

Included within intangibles is £9,475,924 (2018: £8,386,068) paid to Fluor Limited and £8,846,724 (2018: £7,910,982) to SSE Renewables Developments (UK) Limited. All amounts are in relation to the Zone Development Agreement. In addition, included within intangibles is £nil (2018: £4,402,041) payable to Fluor Limited and £10,381,588 (2018: £4,373,010) payable to SSE Renewables Developments (UK) Limited of capitalised interest on loan advances provided by the shareholders.



# Seagreen Wind Energy Limited

## Notes to the financial statements (continued)

### 19 Related party transactions (continued)

Included in other receivables is £100 (2018: £100) receivable from shareholders for the share capital from 25<sup>th</sup> September 100% receivable from SSE Renewables Developments (UK) Limited. Previously, being split as £50 (2018: £50) from Fluor Limited and £50 (2018: £50) from SSE Renewables Developments (UK) Limited.

The interest-bearing loans and borrowing of £48,429,998 (2018: £28,979,998) owed to SSE Renewables Developments (UK) for the provided loan advances. Previously, split £14,489,999 payable to Fluor Limited and £14,489,999 payable to SSE Renewables Developments (UK) Limited.

Included in trade and other payables is £nil (2018: £nil) payable to Fluor Limited and £nil (2018: £nil) payable to SSE Renewables Developments (UK) Limited. All amounts are in relation to the Zone Development Agreement. Also included in trade and other payables is £700 (2018: £700) payable to each of subsidiary undertaking (Note 9) for the share capital.

### 20 Ultimate parent undertaking and controlling party

Following the successful sale of Fluor's shareholding to SSE Renewables Developments (UK), SSE Renewables Developments (UK) Limited is the ultimate controlling party with SSE Plc as the ultimate parent company.

SSE Renewables Developments (UK) Limited is a wholly owned subsidiary of SSE Renewables Holdings (UK) Limited, registered in the United Kingdom. The ultimate parent company and controlling party of SSE Renewables Holdings (UK) Limited is SSE Plc, which is incorporated in the United Kingdom. Copies of the financial statements of SSE Plc may be obtained from Inveralmond House, 200 Dunkeld Road Perth PH1 3AQ United Kingdom.

### 21 Events after the reporting period

#### CfD Auction

On 29<sup>th</sup> August 2019 Seagreen Wind Energy Limited submitted a sealed bid for the round 3 CfD auction. On 20<sup>th</sup> September 2019 Seagreen Wind Energy Limited was allocated a CfD for 454MW.

#### Restructuring of Seagreen Entities

In June 2019 a review of Seagreen Wind Energy Limited and its subsidiaries was undertaken to enable future debt and equity investment. The restructuring of Seagreen Wind Energy Limited and subsidiaries was executed on 27<sup>th</sup> June 2019 with the following structure now in place:

- Seagreen Holdco 1 Limited formerly Seagreen Echo Wind Energy Limited is the immediate parent of Seagreen Wind Energy Limited. SSE Renewables Developments (UK) Limited is the immediate parent of Seagreen Holdco 1 Limited.
- Seagreen Holdco 2 Limited formerly Seagreen Foxtrot Wind Energy Limited is the immediate parent of Seagreen Charlie Wind Energy Limited. SSE Renewables Developments (UK) Limited is the parent of Seagreen Holdco 2 Limited
- Seagreen Holdco 3 Limited formerly Seagreen Golf Wind Energy Limited is the immediate parent of Seagreen Delta Wind Energy Limited. SSE Renewables Developments (UK) Limited is the immediate parent of Seagreen Holdco 3 Limited.

All changes to company names are filed with Companies House.

#### Purchase of Tealing Solar Park Limited

On 14<sup>th</sup> August 2019 Seagreen Wind Energy exchanged contracts to purchase 100% of the share capital of Tealing Solar Park Limited. The sale completed on 26<sup>th</sup> September 2019.