Registration number: 06494525

Orsted West of Duddon Sands (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Orsted West of Duddon Sands (UK) Limited

Contents

Orsted West of Duddon Sands (UK) Limited

Company Information

Directors	Philip Henry de Villiers David Murray David Thomas Allen
Registered office	5 Howick Place London England SW1P 1WG United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London, England WC2N 6RH United Kingdom

Orsted West of Duddon Sands (UK) Limited

Strategic Report for the Year Ended 31 December 2023

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

Review of the business

The principal activity of the company is the generation of electricity in the UK through the use of offshore wind technology from its site located in the East Irish Sea approximately 14 km from the nearest coast on Walney Island, Cumbria. The site is comprised of 108 wind turbines, giving total installed capacity of 389 MW and Orsted West of Duddon Sands (UK) Limited has a 50% ownership interest in this site.

During the year the company continued electricity generation from its offshore site. Commercial generation is expected to continue for the foreseeable future.

The company's strategy is to maximise the lifetime value of the wind farm through active condition monitoring and maintenance to maintain high levels of availability and production. The company has a long-term offtake agreement which provides secure revenues from power sales.

The company's strategic objectives are:
• Achieving zero accidents and breaches of environmental standards;
• Maximising energy production through high levels of availability;
• Maintaining long-term asset condition and reliability; and
• Optimising costs.

Principal risks and uncertainties

The principal risk of the business relates to the ability of the company to run its operations in a financially efficient manner, which is mitigated through meeting its business objectives.

Non-compliance with statutory Health, Safety and Environment (HSE) obligations is also a principal risk. The company operates a comprehensive HSE management system, and actively monitors its performance in order to identify and implement improvements.

Key Performance Indicators and review of the year

The company measures its performance in line with its strategic objectives. Key performance indicators (KPIs) are used to measure progress against agreed targets for safe, responsible and sustainable operations.

The company's key financial performance indicators during the year were as follows:

	2023 £	2022 £
Revenue	154,488,021	214,231,243
Profit before tax	93,327,222	149,318,705
Net assets	345,490,360	249,450,798

Revenue decreased in 2023 primarily due to lower power prices. Profit before tax in 2023 was lower than in 2022 due to decreased revenues in the year. The company's net asset position as at 31 December 2023 was higher than as at 31 December 2022 mainly as a result of no dividend payment being made during the year.

The company's key non-financial performance indicators are wind farm availability and the level of safety and environmental cases. A high level of availability is maintained by the company monitoring the effectiveness and efficiency of the wind farm on regular basis. All safety and environmental cases are also reviewed by management on a regular basis. For the current and prior year the non-financial KPIs were broadly in line with management's expectation.

Section 172(1) statement

The Board of Directors has acted in accordance with its duties to operate in the way that it considers, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole. In doing so, the directors have particularly given regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The company's long-term plan is to generate power revenue as well as ROC (Renewable Obligation Certificates) revenue for the life of the wind farm and to decommission the wind farm at the end of its economic life. The directors review this long-term plan on an ongoing basis and to date no decision has been made to change the long-term plan.

The company does not have any employees. The directors use service providers for all operational activities. The directors ensure that any service provider acts with due care towards its employees while working for the company, including complying with the company's safety requirements.

The company fosters business relationships with its suppliers, customers and others through the selection of a reliable operations service provider which ensures its customers are supplied with an uninterrupted supply of renewable electricity during windy days.

The company produces renewable energy thus having a low carbon impact on the environment. The company has engaged service providers that are committed to operating with the aim of minimising their carbon footprint and employ local community members to perform operational tasks.

The company has committed to decommissioning the wind farm at the end of its useful economic life in line with its regulatory and environmental commitments.

The company has partnered up with reputable service providers to operate windfarm on their behalf.

The directors ensure they are complying with the above by reviewing service provider's operations reports, wind farm production numbers and site safety reports.

Approved by the Board and signed on its behalf by:

....

Philip Henry de Villiers
Director

Date: Jun 13, 2024

Orsted West of Duddon Sands (UK) Limited

Directors' Report for the Year Ended 31 December 2023

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

Incorporation
The company was incorporated in England on 5 February 2008 as a private company limited by shares under the Companies Act 2006. The address of its registered office is 5 Howick Place, London, England, SW1P 1WG, United Kingdom.

As at 31 December 2023, the company was owned by Orsted Power (UK) Limited (100%) (31 December 2022: Orsted Power (UK) Limited (100%)).

Directors of the company
The directors who held office during the year and up to the date of signing the financial statements (other than as indicated below) were as follows:

Philip Henry de Villiers

David Murray

Hugh Alistair Yendole (ceased 13 November 2023)

David Thomas Allen (appointed 13 November 2023)

Principal activity
The principal activity of the company is to jointly operate an offshore wind farm located in the East Irish Sea approximately 14 km from the nearest coast on Walney Island, Cumbria. The company does this through contracting to outsourced service providers.

Result for the year
The company's net result for the current financial year was a profit of £96,039,562 (2022: profit of £129,022,411).

Dividend
During the year no interim dividend (2022: £97,407,000) was paid. The directors do not recommend the payment of a final dividend (2022: £-).

Future developments
Commercial generation is expected to continue until the end of the expected economic life of the wind farm, when the assets will be decommissioned.

Climate change
The physical and transition risks of climate change have been considered for their impact on the company and the financial statements, including forward looking estimates. The production assets are not expected to be materially affected by the foreseen increase in adverse weather conditions and global temperatures expected to arise from climate change as they were designed and built to withstand extreme weather conditions. Transition risks relate to changes in the wider business environment arising from climate change such as policy and legal, technology, market and reputation risks. As the company is already engaged in the generation of renewable electricity most of these changes are in fact opportunities which the company is well placed to benefit from. The company has mitigated remaining risks such as the market risk through the negotiation of long term power purchase agreements with its offtakers. As such, the physical and transition risks arising from climate change were not determined to have a material impact on the company and financial statements.

Political donations

During the year the company made no political donations and no individual donations to UK or non-UK political parties (2022: £-).

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the directors have considered all available information about the future, which is at least 12 months from the date the financial statements were signed.

The directors' base case assessment is that the company will remain cash generative over the forecast period. The company sells power at market prices and receives government grants for the generation of renewable electricity. The majority of operating costs are based on fixed contracts. The subsidy regime mitigates the market risk of falling power prices, and so even in the case of a significant decline in power prices, the company is expected to remain cash generative over the forecast period. There are no indications of any events that would result in a significant reduction in production, unforecast liabilities or one-off payments by the company. Based on this analysis the directors have not identified any severe but plausible scenarios that would impact the going concern conclusion.

Repayments of the loan under the period of assessment are at the discretion of the directors, as such their repayment does not lead to a risk to the going concern assessment.

Based on the directors' assessment described above the directors are of the opinion that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the company's financial statements for the year ended 31 December 2023 and therefore the going concern basis has been adopted in preparing the financial statements.

Directors' liabilities

The company has in effect qualifying directors' indemnity insurance. This is a qualifying third party indemnity provision and was in force during the financial year and at the date of the approval of the financial statements.

Financial risk management

The company is exposed through its operations to the following financial risks:

Market risk
Credit risk and
Liquidity risk

The company is exposed to risks that arise from its use of financial instruments. This section describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the company's continuing profitability.

Management reviews and agrees policies for managing each of these risks, which are summarised below.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this section.

During the year the company did not use derivative financial instruments to hedge risk exposures.

1. Market risk
Market risk includes interest rate risk and foreign exchange risk.

Foreign exchange risk
The company has only limited assets or liabilities in foreign currency. Also, the company has limited sales or purchase transactions in foreign currencies. As a result of this, the company's exposure to foreign exchange rate risks is very limited.

Interest rate risk
The company's loan payables to group companies are subject to a variable interest rate which is currently SONIA O/N plus 1.25% (2022: SONIA O/N 1.1%). The company's loan receivables from group companies are subject to a variable interest rate which is currently SONIA O/N plus 0.15% (2022: SONIA O/N plus 0.05%). Bank deposits are subject to variable interest rates which are currently 4.91% (2022: 3.31%). The carrying amounts of recognised financial assets or liabilities would not change significantly subject to changes in interest rate levels and a 1% rise or fall in interest rates would have increased or decreased net finance costs by £132,756.

2. Credit risk
Credit risk arises primarily from receivables with its related parties and cash and cash equivalents with banks and financial institutions.

For related party receivables, credit risk is managed by ensuring credit terms are not exceeded. Management monitors the credit extended to its related parties on a regular basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The company's maximum credit risk corresponds to the carrying amount of receivables and cash and cash equivalents.

3. Liquidity risk
Liquidity risk management requires the company to maintain sufficient cash and cash equivalents to be able to pay debts and settle liabilities as they fall due.

The company manages its liquidity risk by maintaining adequate cash reserves and by continuous monitoring of actual and forecast cash flows. Discretionary loan repayments and dividend payments are only made from surplus cash.

Streamlined Energy and Carbon Reporting
The table below shows the company's total purchases of energy consumption during the year. The company has reported this energy consumption under Scope 2 per the UK Government Streamlined Energy and Carbon Reporting (SECR) requirements. Note all energy purchases are electricity and are for the company's own consumption.

The company took part in a GRESB (Global Real Estate Sustainability Benchmarks) asset level sustainability assessment in the year and plans to continue to do so in foreseeable future as part of its ongoing ESG performance management and reporting plans.

	Total Purchases	**Total Emissions**
Summary of Scope 2 - indirect emissions for the current year	**kWh**	**tCO2e**
	2023	**2023**
Electricity purchases - imports to offshore wind farm	1,353,159	300
	2022	**2022**
Electricity purchases - imports to offshore wind farm	1,287,240	249

In the table above, 2023 purchases are converted to emissions using a carbon intensity ratio of 222gCO2/kWh based on the time the electricity was consumed. 2022 purchases are converted to emissions at generic government rates.

	2023	2022
Intensity ratio (tCO2e / MW)	1.5	1.3

Engagement with employees
The company has no employees. The directors have appointed a service provider that engages with their employees in an ongoing and ethical way.

Non adjusting events after the financial period
An interim dividend of £210,000,000 was paid out after the reporting date. This was not recognised as a liability as at 31 December 2023. Principal loan repayments of £20,000,000 have also been paid since the reporting date.

Statement of Business Relationships
Details of our engagement with our key stakeholders including suppliers and offtakers, is set out in the Section 172 statement in the Strategic Report.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Orsted West of Duddon Sands (UK) Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Reappointment of auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Approved by the Board and signed on its behalf by:

....

Philip Henry de Villiers

Director

Date Jun 13, 2024

Independent auditors' report to the members of Orsted West of Duddon Sands (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Orsted West of Duddon Sands (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the regulation of the renewable energy industry in the UK including those associated with health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in the assessment of accounting estimates. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- enquiry of management regarding actual and potential litigation, claims or fraud and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations; and
- challenging assumptions and judgements made by management in respect of significant accounting estimates and assessing estimates for management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Alexander Smith

Alexander Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 June 2024

Orsted West of Duddon Sands (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 £	2022 £
Revenue	4	154,488,021	214,231,243
Cost of sales	5	(44,235,187)	(49,116,708)
Gross profit		110,252,834	165,114,535
Administrative expenses	5	(13,762,332)	(11,166,792)
Other operating income/(expenses)		299,762	(1,091,918)
Operating profit	5	96,790,264	152,855,825
Finance income	8	8,696,087	2,368,407
Finance costs	9	(12,159,129)	(5,905,527)
Net finance costs		(3,463,042)	(3,537,120)
Profit before tax		93,327,222	149,318,705
Income tax credit/(expense)	10	2,712,340	(20,296,294)
Profit for the financial year		96,039,562	129,022,411
Total comprehensive income for the financial year		96,039,562	129,022,411

The above results were derived from continuing operations.

There were no items of other comprehensive income or loss (2022: £-) during the year.

Orsted West of Duddon Sands (UK) Limited

(Registration number: 06494525)
Statement of Financial Position as at 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	336,468,379	372,026,845
Investments	12	3	3
		336,468,382	372,026,848
Current assets			
Trade and other receivables	13	278,441,084	204,664,781
Cash and cash equivalents	14	1,215,175	1,829,146
Current assets		279,656,259	206,493,927
Total assets		616,124,641	578,520,775
Equity and liabilities			
Equity			
Share capital	15	(1)	(1)
Other reserves	16	(7,670,000)	(7,670,000)
Retained earnings		(337,820,359)	(241,780,797)
Total equity		(345,490,360)	(249,450,798)
Non-current liabilities			
Long term lease liabilities	18	(7,817,732)	(7,938,847)
Loans and borrowings	19	(160,000,000)	(180,000,000)
Provisions	20	(40,150,374)	(46,423,462)
Deferred tax liabilities	10	(37,372,386)	(38,092,639)
		(245,340,492)	(272,454,948)
Current liabilities			
Current portion of long term lease liabilities	18	(687,210)	(620,316)
Trade and other payables	21	(14,451,068)	(15,330,900)
Income tax liability	10	(10,155,511)	(40,663,813)
		(25,293,789)	(56,615,029)
Total liabilities		(270,634,281)	(329,069,977)
Total equity and liabilities		(616,124,641)	(578,520,775)

The financial statements on pages 14 to 41 were approved by the Board of directors and signed on its behalf by:

....
Philip Henry de Villiers
Director

Dated: Jun 13, 2024

The notes on pages 17 to 41 form an integral part of these financial statements.

Orsted West of Duddon Sands (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 January 2023	1	7,670,000	241,780,797	249,450,798
Profit for the financial year	-	-	96,039,562	96,039,562
Total comprehensive income	-	-	96,039,562	96,039,562
At 31 December 2023	1	7,670,000	337,820,359	345,490,360

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 January 2022	1	7,670,000	210,165,386	217,835,387
Profit for the financial year	-	-	129,022,411	129,022,411
Total comprehensive income	-	-	129,022,411	129,022,411
Dividends	-	-	(97,407,000)	(97,407,000)
At 31 December 2022	1	7,670,000	241,780,797	249,450,798

The notes on pages 17 to 41 form an integral part of these financial statements.

1 General information

The company is a private company limited by shares, incorporated and domiciled in England and Wales.

The address of its registered office is:
5 Howick Place
London
England
SW1P 1WG
United Kingdom

2 Accounting policies

Summary of material accounting policies and key accounting estimates
The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and in accordance with the requirements of the Companies Act 2006, under the historical cost convention.

The company's financial statements are presented in pound sterling rounded to the nearest pound, which is both the functional and presentation currency of the company.

The company is included in the consolidated financial statements of Orsted A/S, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006. For information on the ultimate parent company and the immediate parent company, please refer to note 25 "Parent and ultimate parent undertaking".

Going concern
The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the directors have considered all available information about the future, which is at least 12 months from the date of approval of the financial statements.

The directors' base case assessment is that the company will remain cash generative over the forecast period. The company sells power at market prices and receives government grants for the generation of renewable electricity. The majority of operating costs are based on fixed contracts. The subsidy regime mitigates the market risk of falling power prices, and so even in the case of a significant decline in power prices, the company is expected to remain cash generative over the forecast period. There are no indications of any events that would result in a significant reduction in production, unforecast liabilities or one-off payments by the company. Based on this analysis the directors have not identified any severe but plausible scenarios that would impact the going concern conclusion.

Repayments of the loan under the period of assessment are at the discretion of the directors, as such their repayment does not lead to a risk to the going concern assessment.

2 Accounting policies (continued)

Based on the directors' assessment described above the directors are of the opinion that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the company's financial statements for the year ended 31 December 2023 and therefore the going concern basis has been adopted in preparing the financial statements.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement'
- Paragraphs 134(d) to134(f) and 135(c) to 135 (e) of IAS 36 - 'Impairment of Assets'
- Paragraph 38 of IAS 1 - 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  - paragraph 118(e) of IAS 38, 'Intangible assets'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 'Presentation of Financial Statements'
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 - 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group

New standards, interpretations and amendments effective

Management regularly assesses the impact of new and amended International Financial Reporting Standards (IFRS) standards and interpretations. New and amended IFRS standards and interpretations are implemented from their mandatory effective dates at the latest.

Effective from 31 December 2023, we have implemented the following new or amended standards (IAS and IFRS) and interpretations:

2 Accounting policies (continued)

- Narrow scope amendments to IAS 1 and IFRS Practice statement 2
- Narrow scope amendments to IAS 8 - Definition of Accounting Estimates
- IFRS 17 - Insurance Contracts
- Amendment to IAS 12 - Deferred taxation relating to assets and liabilities arising from a single transaction
- Amendments to IAS 12 - International tax reform

The adoption of the new and amended standards has not had a material impact on the entity in the current and prior reporting periods and is not expected to have a material impact in future reporting periods.

Revenue recognition

Recognition

The company earns revenue from the sale of electricity. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

We have outlined below details of various fee arrangements, and how these are measured and recognised, for revenue from the sale of products:

The main performance obligation to customers consists of the supply of electricity to the power offtaker through the OFTO (Offshore Transmission Owners) asset and national grid asset network. Due to the nature of power supply the business judgements made in evaluating when control has passed are limited.

Performance obligations

Sale of electricity is based on units of electicity (MW) transferred to the customer at the unit rate specified in the contract. This is because the company's right to consideration from its customer corresponds directly with the value to the customer of the company performace completed to date. These are invoiced on a monthly basis and payment terms are 30 business days. No warranties are offered on the sale of these MW.

The sales contract is considered one performance obligation with multiple deliveries to be satisfied over time. As the customer simultaneously receives and consumes the benefits provided by the electricity as it is received, the company transfers control over time and recognises revenue over time.

Transaction price

The transaction price of electricity tariffs is determined by the rate specified in the contract for electricity at the production date. The transaction price for green certificates is recognised at the contractual guaranteed minimum price at the production date.

2 Accounting policies (continued)

Contract assets and receivables

Contract receivables are recognised in the statement of financial position when the company's right to consideration becomes unconditional. The offtaker (customer) of power takes all of the power produced by the company on a monthly basis and pays the tariff specified in the contract for power received.

Contract assets and receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Impairment of contract related balances

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Government grants

Government grants comprise grants under the Renewable Obligation Certificate (ROC) scheme. Government grants are recognised when there is reasonable assurance that the grants will be received. As grants for power generation are intended as a compensation for the price of power, we systematically recognise the grants under revenue in step with the power generation and thus the related revenue.

Finance income and costs

Finance income comprises interest income which is recognised on the basis of the effective interest method.

Finance costs comprise interest expenses which are recognised on the basis of the effective interest method.

2 Accounting policies (continued)

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Tax
Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except for tax attributable to an item of income or expense recognised as other comprehensive income or expense, which is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively. Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities.

Deferred tax is measured in accordance with the tax rules and tax rates that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit/(loss) for the year.

Deferred tax is only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

Income tax assets/(liabilities) include receivables from/(payables to) group companies where group relief/consortium relief has been applied.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is included on the statement of financial position at historical cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when the asset is available for use.

Borrowing costs relating to both specific and general borrowing directly attributable to qualifying assets under construction with a lengthy construction period are recognised in cost during the construction period. Subsequent costs, for example in connection with the replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the company from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit/(loss) on disposal of fixed assets. All other repair and maintenance expenses are recognised in profit/(loss) for the year as incurred.

Depreciation

Depreciation commences at the point of commercial deployment. In the case of property, plant and equipment, cost is depreciated on a straight-line basis over the estimated future useful lives, which are:

Asset class	Depreciation method and rate
Wind farm	Straight line method over 20 years
Decommissioning asset	Straight line method over 20 years
Right of use asset	Straight line method over 16 years

Production assets include an expected residual value of £17,316,000 (2022: £20,946,838).

Investments

Investments are stated at historical cost less provision for any diminution in value.

Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use. Prior impairments of investments are reviewed for possible reversal at each reporting date.

Impairment of non-financial assets

Non-financial assets, including production assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for electricity sales. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Receivables from/(Payables to) group undertakings relating to cash pooling

The company is a participant in the group cash pooling arrangement of which Orsted A/S is pool master and legal bank account holder. The company has its own sub-accounts from which all transactions are executed. Balances held by the company under this revised arrangement are available for withdrawal/repaid on demand and are disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, Orsted A/S.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

The final dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

Interim dividends are recognised when paid.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

2 Accounting policies (continued)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the statement of comprehensive income, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for property, plant and equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy for impairment.

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the statement of comprehensive income.

2 Accounting policies (continued)

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions
Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the company has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. An associated decommissioning asset for the value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The unwinding of the discount on the decommissioning provision is recognised in finance costs.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities

Financial instruments are used for various purposes. The purpose determines the category, and whether the value adjustment of the instrument should be recognised in the profit/(loss) for the year or as part of other comprehensive income.

2 Accounting policies (continued)

Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities at amortised cost include trade and other payables, loans and borrowings including bank overdrafts.

After initial recognition, long term interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Decommissioning provision
Estimates of decommissioning obligations are based on management's expectations concerning timing, scope, and future cost level of decommissioning. The timing of decommissioning obligations depends on the useful lives of the production assets. In determining the discounting of decommissioning obligations at 31 December 2023, a discount rate of 4.25% is applied (31 December 2022: 4%). The extent to which decommissioning and restoration will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning general price trend and demand conditions.

Useful lives of production assets
The end of life of the wind farm is a key judgement and is an input into the estimates for lease liabilities, depreciation charges, and decommissioning provisions. It is also a key judgement in our impairment assessments for property, plant and equipment. Changes to the end of life of the wind farm could materially impact these calculations and assessments. The current expectation is that the wind farm will operate until 2034 at which point it will be decommissioned. This aligns to the remaining expected operating life of the wind turbines.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2023 £	2022 £
Sale of electricity	65,296,820	123,371,811
Government grants	87,591,230	89,403,316
Other revenue	661,217	694,871
OFTO revenue	938,754	761,245
	154,488,021	214,231,243

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

The company has a power purchase agreement with its fellow group company and it sells all its power generation and associated benefits under this agreement.

Government grants relate to income resulting from Renewable Obligation Certificates (ROCs).

Timing of revenue recognition from customers:

	2023 £	2022 £
Over time	154,488,021	214,231,243
	154,488,021	214,231,243

The timing of transfer of goods or services to customers is categorised as follows:

- 'Over time' mainly comprises long-term contracts with customers for the delivery of electrical power.

5 Operating profit

Operating profit is stated after charging:

	2023 £	2022 £
Depreciation expense	29,391,243	29,750,035

6 Employees and directors

There were no (2022: none) employees during the year. The directors received no (2022: £-) emoluments during the year in respect of their qualifying services to the company.

The directors were remunerated by other companies within the Orsted group for their services to the group as a whole. It is not possible to allocate their remuneration between their services as directors of different group companies.

7 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	19,500	17,000

No non-audit services were provided by PricewaterhouseCoopers LLP in the current or prior year.

8 Finance income

	2023	2022
	£	£
Interest income on bank deposits	127,834	22,279
Interest on loans to group undertakings	8,561,994	2,345,848
Foreign exchange gains	6,259	280
	8,696,087	2,368,407

9 Finance costs

	2023	2022
	£	£
Bank fees	330	272
Interest on loans from group undertakings	9,867,616	4,562,255
Unwinding of discount on decommissioning provision	2,011,641	1,077,209
Other finance costs	48	-
Interest expense on leases	279,494	265,791
	12,159,129	5,905,527

10 Income tax

Tax charged/(credited) in the statement of comprehensive income:

	2023 £	2022 £
Current taxation		
UK corporation tax	22,819,489	27,940,636
UK corporation tax adjustment to prior years	(24,811,576)	(6,810,211)
	(1,992,087)	21,130,425
Deferred taxation		
Arising from origination and reversal of temporary differences	(585,896)	(834,131)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(134,357)	-
Total deferred taxation	(720,253)	(834,131)
Tax (credit)/expense in the statement of comprehensive income	(2,712,340)	20,296,294

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	93,327,222	149,318,705
Corporation tax at standard rate	21,951,074	28,370,554
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	317,191	254,084
Adjustments to tax charge in respect of prior years	(24,945,933)	(6,810,212)
Deferred tax credit relating to changes in tax rates or laws	(34,672)	(1,518,132)
Total tax (credit)/charge	(2,712,340)	20,296,294

Factors that might affect future tax charges:

The main rate of UK corporation tax was 19% from 1 January to 31 March 2023 and 25% from 1 April 2023 onwards. Deferred tax balances are recognised at 25%.

10 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2023 £	Recognised in income £	At 31 December 2023 £
Accelerated tax depreciation	(43,015,382)	(208,375)	(43,223,756)
Provisions	4,922,742	928,628	5,851,370
	(38,092,640)	720,253	(37,372,386)

Deferred tax movement during the prior year:

	At 1 January 2022 £	Recognised in income £	At 31 December 2022 £
Accelerated tax depreciation	(42,949,555)	(65,827)	(43,015,382)
Provisions	4,022,784	899,958	4,922,742
	(38,926,771)	834,131	(38,092,640)

	2023 £	2022 £
The provision for deferred tax consists of the following :		
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	(1,139,854)	-
Carrying amount at end of year	(1,139,854)	-
Deferred tax assets due in more than 12 months	5,851,370	4,922,742
Deferred tax liabilities due in more than 12 months	(42,083,903)	(43,015,381)
Carrying amount at end of year	(36,232,533)	(38,092,639)
Total carrying amount at end of year	(37,372,386)	(38,092,639)

11 Property, plant and equipment

	Right of use asset £	Decommissioning asset £	Wind farm £	Total £
Cost				
At 1 January 2022	9,415,132	22,802,832	585,823,506	618,041,470
Increase in decommissioning estimate	-	14,907,496	-	14,907,496
Additions	-	-	418,077	418,077
Other	1,132,674	-	-	1,132,674
At 31 December 2022	10,547,806	37,710,328	586,241,583	634,499,717
At 1 January 2023	10,547,806	37,710,328	586,241,583	634,499,717
Decrease in decommissioning estimate	-	(8,284,729)	-	(8,284,729)
Additions	-	-	1,552,991	1,552,991
Remeasurement of lease liability	564,515	-	-	564,515
At 31 December 2023	11,112,321	29,425,599	587,794,574	628,332,494
Depreciation				
At 1 January 2022	1,842,091	8,510,218	222,370,528	232,722,837
Charge for year	631,374	2,467,615	26,651,046	29,750,035
At 31 December 2022	2,473,465	10,977,833	249,021,574	262,472,872
At 1 January 2023	2,473,465	10,977,833	249,021,574	262,472,872
Charge for the year	716,958	1,702,871	26,971,414	29,391,243
At 31 December 2023	3,190,423	12,680,704	275,992,988	291,864,115
Carrying amount				
At 31 December 2023	7,921,898	16,744,895	311,801,586	336,468,379
At 31 December 2022	8,074,341	26,732,495	337,220,009	372,026,845

The depreciation charge for the year of £29,391,243 (2022: £29,750,035) is included in cost of sales.

Right of use asset comprises seabed lease and land lease.

12 Investments

Joint arrangements

	£
Cost or valuation	
At 1 January 2022	3
At 31 December 2022	3
At 1 January 2023	3
At 31 December 2023	3
Carrying amount	
At 31 December 2023	3
At 31 December 2022	3

Details of the joint arrangement are as follows:

Name of joint arrangements	Principal activity	Registered office	Proportion of ownership interest and voting rights held in the form of ordinary shares 2023	2022
Morecambe Wind Limited	Production and transmission of electricity	5 Howick Place London England SW1P 1WG United Kingdom	50%	50%

Investments comprise ordinary equity shares in the associated company, which is not publicly traded.

The directors of the company have not identified any impairment indicators in relation to this investment.

16 Other reserves

Other reserves relates to a capital contribution from the company's immediate parent undertaking in the form of settlement of a liability of the company in relation to wake effect. Wake effect relates to compensation the company has to pay another wind farm due to the wake effect caused by the construction of the company's own wind farm.

17 Dividends

	2023 £	2022 £
Interim dividends of £- (2022: £97,407,000) per ordinary share	-	97,407,000

18 Leases

Lease liabilities

	31 December 2023 £	31 December 2022 £
Current portion of long term lease liabilities	687,210	620,316
Long term lease liabilities	7,817,732	7,938,847

Seabed leases include variable lease payments which depend on the number of megawatt hours generated. However, we have agreed on minimum lease payments for the seabed and these minimum payments are included in the lease liabilities.

The terms of the seabed lease allow it to continue for 50 years from inception with a break clause which can be actioned before the lease expires. This break clause requires a notice period of 3 years before the expiration of the lease. A lease period aligned to the life of the wind farm is used. The life of the wind farm is disclosed in note 3 "Critical accounting judgements and key sources of estimation uncertainty".

The terms of the land lease allow it to continue for 50 years from inception with a break clause which can be actioned before the lease expires. This break clause requires a notice period of 12 months before the expiration of the lease. A lease period aligned to the life of the wind farm is used. The life of the wind farm is disclosed in note 3 "Critical accounting judgements and key sources of estimation uncertainty".

18 Leases (continued)

Right of use asset

	Land lease	Seabed lease	Right of use asset
	£	£	£
Carrying amount at 1 January 2023	399,351	7,674,989	8,074,340
Remeasurement of lease liability	-	564,515	564,515
Depreciation	(35,237)	(681,721)	(716,958)
Carrying amount at 31 December 2023	364,114	7,557,783	7,921,898

	Land lease	Seabed lease	Right of use asset
	£	£	£
Carrying amount at 1 January 2022	339,439	7,233,602	7,573,041
Remeasurement of lease liability	88,488	1,044,184	1,132,673
Depreciation	(28,576)	(602,798)	(631,374)
Carrying amount at 31 December 2022	399,351	7,674,989	8,074,340

18 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities, which are the minimum lease payments, based on undiscounted gross cash flows is presented in the table below:

	31 December 2023 £	31 December 2022 £
Less than one year	962,280	1,796,460
In one to five years	3,849,120	7,185,840
Over five years	5,292,540	11,676,990
Total lease liabilities (undiscounted)	10,103,940	20,659,290

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2023	31 December 2022
Payment	£	£
Total lease payments	1,208,057	2,699,902

Finance charges on leases going through the statement of comprehensive income are disclosed in note 9 "Finance costs".

The depreciation charged on right of use asset is disclosed in note 11 "Property, plant and equipment".

The variable amount of the lease payments exceeding the minimum lease payments amounts to £277,802 (2022: £600,631). This is recognised in administrative expenses.

19 Loans and borrowings

	31 December 2023 £	31 December 2022 £
Non-current loans and borrowings		
Related Party Borrowings	160,000,000	180,000,000

The non-current borrowing is an unsecured loan of £160,000,000 (2022: £180,000,000) which carries interest at SONIA O/N plus 1.25% (2022: SONIA O/N 1.1%). The loan is wholly repayable on 3 May 2029 and early repayments are permitted at the discretion of the company.

During the year £20,000,000 of loan principal and £9,615,914 of loan interest was repaid.

20 Provisions

	Decommissioning £	Total £
At 1 January 2023	46,423,462	46,423,462
Change in estimates	(8,284,729)	(8,284,729)
Unwinding of discount	2,011,641	2,011,641
At 31 December 2023	40,150,374	40,150,374
Non-current liabilities	40,150,374	40,150,374

	Decommissioning £	Total £
At 1 January 2022	30,438,757	30,438,757
Change in estimates	14,907,496	14,907,496
Unwinding of discount	1,077,209	1,077,209
At 31 December 2022	46,423,462	46,423,462
Non-current liabilities	46,423,462	46,423,462

The Decommissioning provision is calculated as the present value of estimated decommissioning costs using a discount rate of 4.25% (2022: 4.0%). Included within fixed assets is an amount of £16,744,895 (2022: £26,732,495) which reflects the company's expectation to recover future decommissioning costs from sales of electricity during 2024 and future years. The decommissioning asset is being depreciated over the expected life of the wind farm.

A 10.0% increase in the expected decommissioning costs would result in a proportional increase in the provision.
A 0.5% increase in the discount rate would result in a £2,058,534 decrease in provision.

21 Trade and other payables

	31 December 2023 £	31 December 2022 £
Trade payables	1,023	107,030
Amounts due to related parties	13,196,355	14,575,252
Other payables	1,253,690	648,618
	14,451,068	15,330,900

Amounts due to related parties are unsecured, interest free and have no fixed date of repayment.

22 Related party transactions

	Morecambe Wind Limited 2023 £
Transactions	
Power purchases	(2,661,022)
Purchase and receipt of services	14,851,546
Balance outstanding at balance sheet date	
Trade and other receivables	3,456,086
Trade and other payables	(2,151,808)

22 Related party transactions (continued)

	Morecambe Wind Limited 2022 £
Transactions	
Power purchases	(1,260,514)
Purchase and receipt of services	19,366,673
Balance outstanding at balance sheet date	
Trade and other receivables	8,141,896
Trade and other payables	(4,927,411)

23 Related undertaking

The company's related undertakings as at 31 December 2023 and 31 December 2022 are as follows:

Name	Place of incorporation	Place of operation	Nature of business	Type of holding	Ownership interest held by the company
Morecambe Wind Limited	5 Howick Place London England SW1P 1WG United Kingdom	England & Wales	Transmission of electricity	Direct	50%

24 Non adjusting events after the financial period

An interim dividend of £210,000,000 was paid out after the reporting date. This was not recognised as a liability as at 31 December 2023. Principal loan repayments of £20,000,000 have also been paid since the reporting date.

25 Parent and ultimate parent undertaking

The immediate parent of the company is Orsted Power (UK) Limited, incorporated in England, which owns 100% of the ordinary share capital.

The ultimate parent company is Orsted A/S, incorporated in Denmark. The Danish State currently holds 50.1% (2022: 50.1%) of the share capital of Orsted A/S and therefore the company considers the Danish Ministry of Finance the ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated are those headed by Orsted A/S.

The consolidated financial statements of this company are available to the public from its registered office;
Orsted A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia
Denmark.