Registration number: 08584182

Orsted Hornsea Project Four Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Orsted Hornsea Project Four Limited

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Orsted Hornsea Project Four Limited

Company Information

Directors	Gabriel Davies Craig Andrew Harwood Kushal Saujani
Registered office	5 Howick Place London England SW1P 1WG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

Directors' Report for the Year Ended 31 December 2020

The directors present their financial report and the audited financial statements for the year ended 31 December 2020.

Incorporation
The company was incorporated on 25 June 2013 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.

Orsted Hornsea Project Four Limited is owned by Orsted Power (UK) Limited.

Directors of the company
The directors, who held office during the year and up to date of signing of the financial statement, were as follows:

Benjamin Sykes (resigned 1 April 2021)

Magnus Brogaard Larsen (resigned 13 March 2020)

Kasper Larsen Tolstrup (resigned 16 March 2020)

Benjamin Westwood (appointed 16 March 2020 and resigned 1 April 2021)

Henriette Holm Mørch (appointed 16 March 2020 and resigned 1 April 2021)

The following directors were appointed after the year end:

Gabriel Davies (appointed 1 April 2021)

Craig Andrew Harwood (appointed 1 April 2021)

Kushal Saujani (appointed 11 June 2021)

Principal activities
The principal activity of the company is to develop a wind farm in the Hornsea zone.

Result for the year
The Company's net result for the current financial year was a loss of £(624,839) (2019: loss (650,024)) moved to retained earnings.

Dividends
During the year a dividend of £ nil was paid (2019: £nil). The directors do not recommend payment of a final dividend.

Future developments
The Company is expected to keep developing the wind farm.

Political donations
There were no political donations made or political expenditures incurred by the company during the year (2019:£nil).

Financial risk management
The Company's activities are exposed to a variety of financial risks. Further information on financial risk management is in note 14 "Financial risk management and impairment of financial assets".

Brexit
Brexit is not in itself part of the company's risks, as the withdrawal from EU, effective from 1 January 2021, will not, in the management's opinion, result in fundamental changes in the UK's energy policy. Announcements by the UK Government show that the UK is committed to a clean, green energy future, and offshore wind can be the backbone of this green vision. UK current target is to bring all greenhouse gas emissions to net zero by 2050.

The directors have considered this at the date of signing these financial statements and do not deem this impacts the fair value of assets and liabilities reported at the balance sheet date of 31 December 2020

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

The company will continue to develop windfarm in the Hornsea region with the support received from group.

Events after the reporting period
On 22 January 2021, the Company's Directors has taken resolution on issuance of 1,000 ordinary shares of £1 each for an aggregated nominal value of £1,000, at an issue price of £6,300 per ordinary share with an aggregated value of £6,300,000.

On 19 August 2021, the Company's Directors has taken resolution on issuance of 1,000,000 ordinary shares of £1 each for an aggregated nominal value of £1,000,000, at an issue price of £63.787 per ordinary share with an aggregated value of £63,787,000.

COVID-19
On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern". The consequence of COVID-19, where many governments have decided to "close down countries" will have an impact on certain sectors of the world economy. Company operates in the essential sector.

In general, COVID-19 impacted the UK power market due to a lower demand for electricity which led to hours with negative prices from April to July, lower ROC recycle prices and higher balancing tariffs (BSUoS) from National Grid in 2020. This situation had a limited impact on company's financial performance during the year.

Since the outbreak of COVID-19 management continues to meet regularly, focusing on the health and safety of service providers' employees and on ensuring business continuity. Company's asset base has been fully operational and maintained normal availability rates. Management expects this to continue going forward.

Directors' liabilities
The Company has in effect 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.

Orsted Hornsea Project Four Limited

Directors' Report for the Year Ended 31 December 2020

Disclosure of information to the auditors
Each director has taken 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 independent auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the independent auditors are unaware.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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

Approved by the Board on 9 September 2021 and signed on its behalf by:

Gabriel Davies
Gabriel Davies (Sep 9, 2021 13:17 GMT+1)
....
Gabriel Davies
Director

Independent auditors' report to the members of Orsted Hornsea Project Four Limited

Report on the audit of the financial statements

Opinion

In our opinion, Orsted Hornsea Project Four Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 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 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, 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, 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. 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 posting inappropriate journals entries to overstate revenue or understate expenditure, and management bias in accounting estimates . Audit procedures performed by the engagement team included:

- gaining an understanding of the legal and regulatory framework applicable to the company and the renewable energy industry in the UK, and considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud;
- enquiry of management and those charged with governance around actual and potential litigation and claims and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Jonathan Matthews (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 September 2021

Orsted Hornsea Project Four Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses	4	(609,047)	(647,233)
Operating loss		(609,047)	(647,233)
Finance income	6	-	115
Finance costs	6	(16,322)	(2,906)
Net finance cost	6	(16,322)	(2,791)
Loss before tax		(625,369)	(650,024)
Income tax	8	530	-
Loss for the year		(624,839)	(650,024)
Total comprehensive expense for the year		(624,839)	(650,024)

The above results were derived from continuing operations.

Orsted Hornsea Project Four Limited

(Registration number: 08584182)
Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Assets			
Non-current assets			
Property, plant and equipment	9	180,496	180,496
Current assets			
Trade and other receivables	10	569	35,955
Total assets		181,065	216,451
Equity and liabilities			
Equity			
Share capital	11	(100)	(100)
Accumulated losses		1,064,420	439,581
Total equity		1,064,320	439,481
Current liabilities			
Trade and other payables	12	(1,245,385)	(655,929)
Income tax liability		-	(3)
		(1,245,385)	(655,932)
Total equity and liabilities		(181,065)	(216,451)

The financial statements on pages 9 to 26 were approved by the Board of Directors on 9 September 2021 and signed on its behalf by.

Gabriel Davies
Gabriel Davies (Sep 9, 2021 13:17 GMT+1)
....
Gabriel Davies
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Orsted Hornsea Project Four Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Accumulated losses £	Total £
At 1 January 2020	100	(439,581)	(439,481)
Loss for the year and total comprehensive expense	-	(624,839)	(624,839)
At 31 December 2020	100	(1,064,420)	(1,064,320)

	Share capital £	Accumulated losses £	Total £
At 1 January 2019	214,960	(4,417)	210,543
Loss for the year and total comprehensive expense	-	(650,024)	(650,024)
Share capital redemption	(214,860)	214,860	-
At 31 December 2019	100	(439,581)	(439,481)

The notes on pages 13 to 26 form an integral part of these financial statements.

Orsted Hornsea Project Four Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss before tax		(625,369)	(650,024)
Adjustments to cash flows from non-cash items			
Finance income	6	-	(115)
Finance costs	6	16,322	2,906
		(609,047)	(647,233)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	10	35,386	(2,590)
Increase in trade and other payables	12	589,456	652,614
Cash generated from operations		15,795	2,791
Income taxes received	8	527	-
Net cash flow generated from operating activities		16,322	2,791
Cash flows from investing activities			
Interest received	6	-	115
Cash flows from financing activities			
Interest paid	6	(16,322)	(2,906)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 13 to 26 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

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

2 Accounting policies

Statement of compliance
The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

Basis of preparation
The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and under historical cost accounting rules.
The preparation of financial statements in conformity with international accounting standards requires the use of .certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

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

2 Accounting policies (continued)

Changes in accounting policy
New standards, interpretations and amendments effective

The management regularly assess the impact of new and amended IFRS standards and interpretations. New and amended IFRS standards and interpretations are implemented from their mandatory effective dates at the latest. Effective from 1 January 2020, we have implemented the following new or amended standards (IAS and IFRS) and interpretations:
- Definition of Material - amendments to IAS 1 and IAS 8;
- Definition of a Business - amendments to IFRS 3;
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting.

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

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet 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 asset/(liability) includes receivables/(payables) from group companies where group relief/consortium relief has been applied.

2 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is included in the balance sheet at historical cost, less accumulated depreciation and 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 incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete.

Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognised in cost during the construction period. Subsequent costs, for example in connection with 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) for the year. All other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Assets under construction (AUC)	Not depreciated

Depreciation commences at the point of commercial deployment.

Receivables' and payables' group undertakings relating to cash pooling
The company is a participant in the group cash pooling arrangement of which Ørsted 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 disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, Ørsted A/S. The balances under this agreement are intrest-bearing. Based on the average monthly balance interests are recognised as finance expense either finance income.

Finance income and finance expense
Finance income comprises interest income on receivables' group undertakings relating to cash pooling. Interest income is recognised using the effective interest rate method. Finance costs comprise interest expenses on payables' group undertakings relating to cash pooling. Interest expense is recognised on the basis of the effective interest method and is included 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.

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.

2 Accounting policies (continued)

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 the hedging reserve in equity.

Financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of comprehensive income are expensed in profit or loss.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of loans.

Impairment

The company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- contract assets; and
- debt investments carried at amortised cost;

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rate is based on an assessment of the historical rates for default. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2 Accounting policies (continued)

Debt investments

We keep our receivables until maturity, and they are therefore measured at amortised cost. All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. These instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost include loans to related parties and other receivables.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Debt investments and other receivables are written off where there is no reasonable expectation of recovery. The write-down is calculated as the difference between the carrying amount of the receivable and the net present value of expected future cash flows from the receivable using the effective interest rate. Impairment losses on debt investments and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial liabilities

The company classifies its financial liabilities in the following categories:
- financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), and
- other financial liabilities at amortized cost.

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 amortized cost include trade and other payables, loans and borrowings including bank overdrafts.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of long-term loans. Short term interest bearing borrowings of a short term nature that carry interest at floating rates are not amortised at the effective interest rate as their carrying value approximates their fair value on initial recognition.

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 profit or Loss.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgments, 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 no significant judgments or estimates.

4 Operating loss

Arrived at after charging

	2020	2019
	£	£
Auditors remuneration	1,500	1,500

5 Staff costs

There were no (2019: nil) employees during the year. The directors received no (2019: nil) emoluments during the year, in respect of their services to the company.

The directors are remunerated by other companies within the Ørsted group for their services to the group as a whole. It is not possible to allocate these directors remuneration for their services to the company.

6 Finance income and costs

	2020 £	2019 £
Finance income		
Interest from group undertakings	-	115
Finance costs		
Interest on bank overdrafts and borrowings	(96)	-
Interest on group undertakings	(16,226)	(2,906)
Total finance costs	(16,322)	(2,906)
Net finance costs	(16,322)	(2,791)

7 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	1,500	1,500

There has been no non-audit remuneration in the year and prior year.

8 Income tax

Tax charged in the statement of comprehensive income

	2020 £	2019 £
Current taxation		
UK corporation tax adjustment to prior periods	(530)	-

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

8 Income tax (continued)

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	(625,369)	(650,024)
Corporation tax at standard rate	(118,820)	(123,505)
Unrecognised tax losses carried forward	11,438	117,752
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	107,382	5,753
Increase (decrease) in current tax from adjustment for prior periods	(530)	-
Total tax credit	(530)	-

Factors that might affect future tax charges:

The main rate of UK corporation tax in the year was 19%. During the year, legislation was enacted to maintain the corporation tax rate at 19% instead of reducing to 17%. On 10 March 2021, the UK government announced that the corporation tax rate would increase from 19% to 25% from 1 April 2023.

The company has surplus tax losses of £681,656 at 31 December 2020 (2019: £624,248). No deferred tax asset has been recognised in relation to these losses.

9 Property, plant and equipment

	Assets under construction £	Total £
Cost		
At 1 January 2019	180,496	180,496
At 31 December 2019	180,496	180,496
At 1 January 2020	180,496	180,496
At 31 December 2020	180,496	180,496
Carrying amount		
At 31 December 2019	180,496	180,496
At 31 December 2020	180,496	180,496

The depreciation charge for the year of £nil (2019 - £nil) is included in cost of sales.

10 Trade and other receivables

10 Trade and other receivables (continued)

	31 December 2020 £	31 December 2019 £
Receivables from related parties	530	-
Other receivables	39	35,955
	569	35,955

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 14 "Financial risk management and impairment of financial assets".

Receivables from related parties are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

The carrying value of trade and other receivables classified as financial assets at amortised costs are disclosed in the table below.

	31 December 2020 £	31 December 2019 £
At amortised cost		
Related parties	530	-

Receivables from related parties are recognised during the normal course of business and include amounts due from group companies.
The Company's financial instruments are measured at amortised cost. The fair value of financial instruments measured at amortised cost is identical to the carrying amount due to their short-term nature.

11 Share capital

Allotted, called up and fully paid shares

	31 December 2020 No.	31 December 2020 £	31 December 2019 No.	31 December 2019 £
Ordinary shares of £1 each	100	100	100	100

12 Trade and other payables

	31 December 2020 £	31 December 2019 £
Trade payables	10,000	-
Accrued expenses	7,695	-
Amounts due to related parties	1,226,190	654,429
Other payables	1,500	1,500
	1,245,385	655,929

Amounts due to related parties are unsecured, interest free(excluding group undertakings relating to cash pooling) and have no fixed date of repayment and are repayable on demand.

The company's exposure to market and liquidity risks related to trade and other payables is disclosed in note 14 "Financial risk management and impairment of financial assets".

The fair value of trade and other payables classified as other financial liabilities at amortized cost are disclosed in the table below.

	31 December 2020 £	31 December 2019 £
Trade and other payables at amortised cost - Suppliers	1,245,385	655,929

Payables to suppliers are recognised during the normal course of business and include amounts due from group companies.

The Company's financial instruments are not measured at fair value. Due to their short-term nature, trade and other payables approximates their fair value.

Orsted Hornsea Project Four Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation as at 31 December 2020 was as follows:

	Carrying amount		Fair value	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Financial assets at amortized cost				
Receivables from related parties	530	-	530	-
Financial liabilities at amortized cost				
Trade payables	(10,000)	-	(10,000)	-
Amounts due to related parties	(1,226,190)	(654,429)	(1,226,190)	(654,429)

Receivables from related parties
Due to the short-term nature of current receivables, their carrying amount is considered to be the same as fair value.

Trade payables
Trade payables are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of trade payables, their carrying amount is considered to be the same as fair value.

Amounts due to related parties
The fair value of amounts due to related parties is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

14 Financial risk management and impairment of financial assets

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

Credit risk and
Liquidity risk

The company is exposed to risks that arise from its use of financial instruments. This note 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.

The company's senior management over the management of these risks. 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 note.

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

2. Credit risk
Credit risk arises primarily from credit exposures to customers, from cash and cash equivalents with banks and financial institutions and receivables from parent and other group companies. Most of the business is based on subscriptions and prepayments which makes the risk of losses on receivables low. Customers' credit ratings are used to determine credit limits and management monitors the utilization of credit risks on an ongoing 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.

3. Liquidity risk
The company generates sufficient positive cash flows to service its liabilities and planned development. Surplus cash is declared as dividend. Capital management is carried out to ensure low risk. Management monitors funding and liquidity and ensures the availability of required liquidity through cash management and committed facilities. The company's liquidity risk is primarily related to inter-company debt. It is the company's policy to ensure adequate liquidity to satisfy their obligations to the group companies.

14 Financial risk management and impairment of financial assets (continued)

Capital components

The Company defines its capital as equity, as presented in the statement of changes in equity. In order to maintain or adjust the capital structure, the Company may return capital to the shareholder or issue new shares.

Capital management

The company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During 2020, the Company's strategy was to maintain a gearing ratio in line with prior years.

The management monitor and review the broad structure of the company's capital on an on-going basis.

Equity of the company at 31 December 2020 amounted to £ (1,064,320) (2019 £(439,481)).

15 Related party transactions

	Other Group Companies	Other Group Companies
	31 December 2020	31 December 2019
Balance outstanding as at balance sheet date		
	£	£
Trade and other receivables	530	-
Trade and other payables	1,226,190	654,429

Transactions

	2020	2019
	£	£
Finance income	-	115
Finance expenses	16,226	2,906

16 Non adjusting events after the financial period

On 22 January 2021, the Company's Directors has taken resolution on issuance of 1,000 ordinary shares of £1 each for an aggregated nominal value of £1,000, at an issue price of £6,300 per ordinary share with an aggregated value of £6,300,000.

On 19 August 2021, the Company's Directors has taken resolution on issuance of 1,000,000 ordinary shares of £1 each for an aggregated nominal value of £1,000,000, at an issue price of £63.787 per ordinary share with an aggregated value of £63,787,000.

17 Parent and ultimate parent undertaking

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

The ultimate parent company is Ørsted A/S, incorporated in Denmark. The Danish State currently holds 50.1% of the share capital of Ørsted A/S (2019: 50.1%) 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 Ørsted A/S.

The consolidated financial statements of this company are available to the public from:
Ørsted A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia
Denmark