

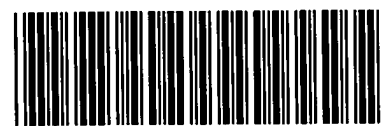
Registration number: SC436251

SSE Renewables Offshore Windfarm Holdings Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 March 2023

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SSE Renewables Offshore Windfarm Holdings Limited

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SSE Renewables Offshore Windfarm Holdings Limited

Company Information

Directors	P. Cooley
	A. Malone
	F. McCutcheon
	D. Pearson
	S. Wheeler
Company secretary	B. O'Connor
Registered office	Inveralmond House, 200 Dunkeld Road Perth PH1 3AQ
Registered number	SC436251

SSE Renewables Offshore Windfarm Holdings Limited

Strategic Report for the Year Ended 31 March 2023

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

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of SSE Renewables Offshore Windfarm Holdings Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of SSE Renewables Offshore Windfarm Holdings Limited (the "Company") during the year ended 31 March 2023, as well as those matters which are likely to affect its future development and performance.

Fair review of the business

The primary activity during the year has been in relation to the investments in SSE wholly owned and joint venture offshore wind projects. This includes Beatrice, Doggerbank, Berwick Bank, Greater Gabbard and Ossian. A total dividend of £248.3m was received from Greater Gabbard Offshore Winds Limited and SSE Beatrice Offshore Windfarm Holdings Limited combined, as disclosed in note 5 of the financial statements.

As disclosed in note 10, during the year ended the Company acquired additional shares worth £41.3m in the Ossian Offshore Windfarm Holding Limited, a joint venture between SSE Renewables Offshore Holding Limited (40%), MC UK Offshore Wind Investment Limited (30%) and CI IV Scotland Holding Ltd (30%). The number of share subscribed by the Company increased from 40 shares to 41,296 shares and the portion of control remains unchanged. All payment for additional share issuance have been paid during the year.

On 3 August 2022, the Company provided £2.1m loan to North Falls Offshore Wind Farm Holdco Limited with 6% effective interest charged to North Falls. Interest income of £0.3m was recognised in the year.

The profit and loss account for the year ended 31 March 2023 is set out on page 8. The profit for the year after taxation amounted to £220.7m (2022: £142.4m). The balance sheet at 31 March 2023 is set out on page 9 and indicated net assets of £308.8 m (2022: £210.8m).

During the year the Company paid a dividend of £122.7m (2022: £nil) to its parent undertaking, SSE Renewables Limited.

Financial performance

The Company's key financial and other performance indicators during the year were as follows:

	31 March 2023 £ m	31 March 2022 £ m
Operating Profit	(2.4)	63.6
Profit Before Tax	214.9	139.0
Net Assets	308.8	210.8
Total Assets	1,014.8	853.7
Dividends Paid	122.7	-

SSE Renewables Offshore Windfarm Holdings Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Electricity Generator Levy

During the year ended 31 March 2023, the UK government announced draft legislation related to the Electricity Generator Levy ('EGL'), which is effective for periods from 1 January 2023 to 31 March 2028. The Company has assessed that the EGL has the characteristics of a levy rather than an income tax. While the legislation was not enacted by the balance sheet date, legislation was enacted in Finance (No.2) Act 2023 on 11 July 2023 with no significant amendments. As a result, the Company has recognised an accrual of £2.5m for the period 1 January 2023 to 31 March 2023 within cost of sales (£2.5m).

In August 2023, the joint venture subsidiary Greater Gabbard Offshore Winds Limited elected to enact clause 5.1 of the Shareholder's Agreement, thereby granting the Company power to communicate with HMRC and settle EGL liabilities on behalf of the subsidiaries.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.


SSE Renewables Offshore Windfarm Holdings Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Principal risks and uncertainties

The principal risk facing the Company is that group companies would be unable to repay loans or the Company would be unable to realise investments carried in the Company's balance sheet. To mitigate this risk, the directors ensure careful selection of investments and monitor the performance and financial status of those group companies on an ongoing basis.

Approved by the Board on 14 December 2023 and signed on its behalf by:


Finlay McCutcheon (Dec 14, 2023 08:07 GMT)

.....
F. McCutcheon
Director

SSE Renewables Offshore Windfarm Holdings Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the unaudited financial statements for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is to act as a holding company for the purposes of holding shares and providing funding to fellow group companies.

Directors' of the company

The directors, who held office during the year, were as follows:

P. Cooley

J. Downes (ceased 1 April 2022)

E. Harley (ceased 2 October 2023)

A. Malone (appointed 1 April 2022)

F. McCutcheon (appointed 1 April 2022)

B. O'Regan (ceased 2 October 2023)

D. Pearson (appointed 21 March 2023)

A. Shah (ceased 24 July 2023)

S. Wheeler

J. Williamson (ceased 1 April 2022)

The directors have no direct shareholdings in the Company or other Group companies above 1% of the issued share capital during the current or prior financial year.

Dividends

During the year the Company paid a dividend of £122.7m (2022: £nil) to its parent undertaking, SSE Renewables Limited. Dividend per share equates to £1.2m per share (2022: £nil).

Political donations

The Company did not make any political or charitable donations during the year (2022: £nil).

Environmental matters

The Company is exempt from making disclosures in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements as it is a wholly owned subsidiary of SSE plc. The consolidated disclosures of the Group are available on pages 35-55 of the Group's 2023 annual report.

Future developments

The Company continues to actively seek out new investment opportunities which forms part of its principal activities and which remain part of the Group's long-term strategy.

SSE Renewables Offshore Windfarm Holdings Limited

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

Going concern

The financial statements are prepared on a going concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms that the Group will provide support to 31 December 2024 where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash and cash equivalents balance of £902.4m at 30 September 2023, and the undrawn committed bank facilities of £2.75bn maintained by the Group. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £0.65bn of long term funding in the first six months of the 23/24 financial year being an 8 year €750m Eurobond at a coupon of 4.0%, and the issuance of £1.6bn of long term funding in the 22/23 financial year being a €1bn NC6 Hybrid at 4% in April 2022, a 7 year €650m Eurobond at a coupon of 2.875% and a £350m dual tranche US Private Placement. As well as taking account of the factors noted, the going concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the Company itself, will remain funded for foreseeable future. The Directors have therefore concluded it is appropriate for the financial statements to be prepared on a going concern basis.

Important non adjusting events after the financial period

The Company approved, beyond the balance sheet date, the payment of a dividend of £150.0m to the Company's parent, SSE Renewables Limited. The transactions had no impact on the financial statements for the year ended 31 March 2023.

Approved by the Board on 14 December 2023 and signed on its behalf by:


Finlay McCutcheon (Dec 14, 2023 08:07 GMT)

.....
F. McCutcheon
Director

SSE Renewables Offshore Windfarm Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

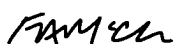
In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations.

Approved by the Board on 14 December 2023 and signed on its behalf by:


Finlay McCutcheon (Dec 14, 2023 08:07 GMT)
.....
F. McCutcheon
Director

SSE Renewables Offshore Windfarm Holdings Limited

Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £ m	2022 £ m
Cost of sales		(2.4)	-
Other gains	3	<u>-</u>	<u>63.6</u>
Operating (loss)/profit		(2.4)	63.6
Income from other fixed asset investments	5	248.3	89.6
Interest receivable and similar income	6	0.3	3.7
Interest payable and similar expenses	7	<u>(31.3)</u>	<u>(17.9)</u>
Profit before tax		214.9	139.0
Tax on profit	9	<u>5.8</u>	<u>3.4</u>
Profit for the year		<u><u>220.7</u></u>	<u><u>142.4</u></u>

The above results were derived from continuing operations.

The Company had no other comprehensive income in the current or prior financial years

SSE Renewables Offshore Windfarm Holdings Limited

(Registration number: SC436251)
Balance Sheet as at 31 March 2023

	Note	31 March 2023 £ m	31 March 2022 £ m
Non current assets			
Investments	10	861.5	817.9
Amounts owed by Group undertakings	11	<u>135.3</u>	<u>32.4</u>
		<u>996.8</u>	<u>850.3</u>
Current assets			
Debtors	12	18.0	3.4
Creditors: Amounts falling due within one year	13	<u>(3.2)</u>	<u>(13.4)</u>
Net current assets/(liabilities)		<u>14.8</u>	<u>(10.0)</u>
Total assets less current liabilities		1,011.6	840.3
Creditors: Amounts falling due after more than one year	14	<u>(702.8)</u>	<u>(629.5)</u>
Net assets		<u>308.8</u>	<u>210.8</u>
Capital and reserves			
Called up share capital	15	-	-
Share premium reserve		61.7	61.7
Profit and loss account		<u>247.1</u>	<u>149.1</u>
Shareholders' funds		<u>308.8</u>	<u>210.8</u>


These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

For the financial year ending 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 14 December 2023 and signed on its behalf by:


Finlay McCutcheon (Dec 14, 2023 08:07 GMT)

.....
F. McCutcheon
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

SSE Renewables Offshore Windfarm Holdings Limited

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

	Share capital £ m	Share premium £ m	Profit and loss account £ m	Total £ m
At 1 April 2022	-	61.7	149.1	210.8
Profit for the year	-	-	220.7	220.7
Total comprehensive income	-	-	220.7	220.7
Dividends paid	-	-	(122.7)	(122.7)
At 31 March 2023	-	61.7	247.1	308.8
	Share capital £ m	Share premium £ m	Profit and loss account £ m	Total £ m
At 1 April 2021	-	61.7	6.7	68.4
Profit for the year	-	-	142.4	142.4
Total comprehensive income	-	-	142.4	142.4
At 31 March 2022	-	61.7	149.1	210.8

The notes on pages 11 to 21 form an integral part of these financial statements.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in Scotland.

These financial statements were authorised for issue by the Board on 14 December 2023.

2 Accounting policies

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

These financial statements were prepared in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The functional currency of the Company and the presentational currency of these financial statements is pounds sterling. The financial statements have been presented in millions.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes required by IAS 7;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1; and
- Related party disclosures required by IAS 24.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage the exemptions, under FRS 101, available in respect of the following disclosures:

- Certain disclosures required by IAS 36, Impairment of assets, in respect of the impairment of goodwill and intangible assets with an indefinite useful life; and
- Certain disclosures required by IFRS 13, Fair value measurement, and the disclosures required by IFRS 7, Financial instrument disclosures.

Employee share based payments have not been disclosed on the basis of materiality.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Consolidated accounts

The Company is a subsidiary of SSE plc and the financial statements of the Company are consolidated with the consolidated financial statements of that company. Consolidated accounts have not been prepared as the Company is availing itself of the exemption whereby, as a wholly owned subsidiary of an entity which prepares consolidated accounts, it is not required to prepare consolidated accounts under section 400 of the Companies Act 2006.

Going concern

The financial statements are prepared on a going concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms that the Group will provide support to 31 December 2024 where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash and cash equivalents balance of £902.4m at 30 September 2023, and the undrawn committed bank facilities of £2.75bn maintained by the Group. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £0.65bn of long term funding in the first six months of the 23/24 financial year being an 8 year €750m Eurobond at a coupon of 4.0%, and the issuance of £1.6bn of long term funding in the 22/23 financial year being a €1bn NC6 Hybrid at 4% in April 2022, a 7 year €650m Eurobond at a coupon of 2.875% and a £350m dual tranche US Private Placement. As well as taking account of the factors noted, the going concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the Company itself, will remain funded for foreseeable future. The Directors have therefore concluded it is appropriate for the financial statements to be prepared on a going concern basis.

Changes in accounting policy

The accounting policies are consistent with those of the prior year.

None of the other standards, interpretations and amendments effective for the first time from 1 April 2022 have had a material effect on the financial statements.

Finance income and costs policy

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method.

Investment income

Investment income comprises dividends received from the Company's investments in associated undertakings. Dividends receivable from investments are recognised when the right to such income is established. This is considered to be at the point that they are appropriately authorised and are no longer at the discretion of the investee company.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Taxation is recognised in profit or loss, except that a change attributable to an item of income or expense recognised directly in equity, in which case it is recognised directly in other comprehensive income.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using 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, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities and on unused tax losses or tax credits in the Company, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the company intends to either settle them on a net basis, or to realise the asset and settle the liability simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

During the year ended 31 March 2023, the UK government announced draft legislation related to the Electricity Generator Levy ('EGL'), which is effective for periods from 1 January 2023 to 31 March 2028. The Company has assessed that the EGL has the characteristics of a levy rather than an income tax. While the legislation was not enacted by the balance sheet date, legislation was enacted in Finance (No.2) Act 2023 with no significant amendments. As a result, the Company has recognised an accrual of £2.5m for the period 1 January 2023 to 31 March 2023 within cost of sales (£2.5m).

Investments

Investments in subsidiary undertakings and joint ventures are shown at cost less provision for any impairment in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Impairment

The carrying amount of the company's PP&E and other intangible assets and the company's investments in subsidiaries, joint ventures and associates, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced. For PP&E assets that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back. For goodwill and other intangible assets with an indefinite life or which are not yet ready for use, the test for impairment is carried out annually. In addition, financial assets measured at amortised cost are also reviewed for impairment annually.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell (FVLCS) and the value-in-use (VIU) of the asset. For financial assets measured at amortised cost the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If the carrying amount of the asset exceeds its recoverable amount, an impairment charge will be recognised immediately in the profit and loss account. Reversals of previous impairment charges are recognised if the recoverable amount of the asset significantly exceeds the carrying amount. Previous impairments of goodwill are not reversed.

Value in use (VIU) calculations require the estimation of future cash flows to be derived from the respective assets and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of PP&E assets. The methodology is based on the pre-tax cash flows arising from the specific assets or underlying assets, and discounted using a pre-tax discount rate based on the company's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets or underlying assets, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

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.

3 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2023	2022
	£ m	£ m
Gain from disposal of investments	-	63.6

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

3 Other gains and losses (continued)

In the prior year, the Company sold a 10% stake in Doggerbank C Windfarm to Eni S.p.A. for equity consideration of £68m. This resulted in a gain on disposal for the Company of £63.6m

4 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £4.3m (2022: £3.7m). The above value is for 10 directors (2022: 9), who were remunerated via another Group company in the year. A value of services to the Company for these directors cannot be determined, therefore the above value reflects the remunerations received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £1.2m (2022: £1.1m) including company pension contributions of £0.1m (2022: £0.1m) which were made to a money purchase scheme on their behalf.

The Company had 0 employees in the current or prior year.

5 Income from other fixed asset investments

Income from other fixed asset investments represents dividend income received from subsidiary and joint venture investments as follows:

	2023 £ m	2022 £ m
SSE Beatrice Offshore Windfarm Holdings Limited	122.7	-
Greater Gabbard Offshore Winds Limited	125.6	89.6
	<u>248.3</u>	<u>89.6</u>

6 Interest receivable and similar income

	2023 £ m	2022 £ m
Unwind of discount on loans to joint ventures not at market rate (i)	-	3.7
JV loan interest - Northfalls (ii)	0.3	-
	<u>0.3</u>	<u>3.7</u>

(i) The unwind discount on loans to Joint Venture not at market rate refers to the changes in fair value of the non-interest bearing loan issued to Doggerbank Offshore Windfarm Project Holdco 3 for a totalling £139.5m. Following the Doggerbank 3 project financial close in November 2021, all loan balances were repaid.

(ii) During the year ended 31 March 2022 the Company provided additional £2.1m loan facility to the Joint Venture Project North Falls Offshore Windfarm. These loans bear an annual interest of 6%. Interest income of £0.3m was recognised in the current year. Additional disclosure is shown in Note 10.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

7 Interest payable and similar expenses

	2023	2022
	£ m	£ m
Interest payable to Group companies	<u>31.3</u>	<u>17.9</u>

8 Auditors' remuneration

The Company did not incur an audit fee in the year (2022: £28,786). The fee in the prior year was borne by another group company.

9 Income tax

Tax credited in the profit and loss account

	2023	2022
	£ m	£ m
Current taxation		
UK corporation tax	<u>(5.8)</u>	<u>(3.4)</u>

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 19% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£ m	£ m
Profit before tax	<u>214.9</u>	<u>139.0</u>
Corporation tax at standard rate of 19% (2022: 19%)	40.8	26.4
Increase in current tax from adjustment for prior periods	0.1	-
Increase from effect of revenues exempt from taxation	(47.2)	(29.8)
Increase from effect of expenses not deductible in determining taxable profit	<u>0.5</u>	<u>-</u>
Total tax credit	<u>(5.8)</u>	<u>(3.4)</u>

The 2021 Budget announcement, to increase the main corporation tax rate to 25%, effective from 1 April 2023, was substantively enacted on 24 May 2021. Prior to 1 April 2023, the rate of corporation has remained at 19%.

The company has not recognised any deferred tax balances on the balance sheet therefore this change has had no impact on the company.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

10 Investments

Investments	Subsidiaries £ m	Joint Ventures & Associates (Equity) £ m	Joint Ventures & Associates (Loans) £ m	Total £ m
Cost or valuation				
At 1 April 2022	13.5	798.0	6.4	817.9
Additions (i)	-	41.3	2.3	43.6
At 31 March 2023	<u>13.5</u>	<u>839.3</u>	<u>8.7</u>	<u>861.5</u>
Carrying amount				
At 31 March 2023	<u>13.5</u>	<u>839.3</u>	<u>8.7</u>	<u>861.5</u>
At 31 March 2022	<u>13.5</u>	<u>798.0</u>	<u>6.4</u>	<u>817.9</u>

(i) During the year ended 31 March 2023 the Company increased its investment in the Joint Venture project Ossian Offshore Windfarm by £41.3m, being additional equity contribution to the project. An additional 41,256 £1.00 ordinary shares had been purchased during the year by the Company, arriving at 41,296 shares held at the year end date. The Company maintained its 40% stake in the Ossian Offshore Windfarm project with 30% remaining in MC UK Offshore Wind Investment Limited and CI IV Scotland Holding Limited respectively.

Furthermore, during the year the Company provided additional loans to the Joint Venture project North Falls Offshore Windfarm of £2.1m, making the total loan principal at the year end £8.2m. As shown in Note 6, these loans bear an annual interest of 6% and interest income of £0.3m was recognised in the current year.

More information on the impairment assessment, including the value-in-use (VIU) and sensitivity analysis are available on page 249 - 259 of the the Group's 2023 annual report.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

10 Investments (continued)

Details of the investments as at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Registered address (key)	Country of incorporation	Proportion of ownership interest and voting rights held	
				2023	2022
Beatrice Offshore Windfarm Holdco Limited*	Holding company	A	Scotland	40%	40%
Beatrice Offshore Windfarm Limited	Power generation	A	Scotland	40%	40%
Berwick Bank A Limited	Renewables Development	B	Scotland	100%	100%
Berwick Bank B Limited	Renewables Development	B	Scotland	100%	100%
Berwick Bank C Limited	Renewables Development	B	Scotland	100%	100%
Berwick Bank Holdings A Limited*	Holding Company	B	Scotland	100%	100%
Berwick Bank Holdings B Limited*	Holding Company	B	Scotland	100%	100%
Berwick Bank Holdings C Limited*	Holdings Company	B	Scotland	100%	100%
Berwick Bank Wind Farm Limited	Renewables Development	A	Scotland	100%	100%
DB Operational Base Limited	Renewables Development	C	England & Wales	40%	40%
Doggerbank Offshore Wind Farm Project 1 Holdco Limited*	Holding company	B	England & Wales	40%	40%
Doggerbank Offshore Wind Farm Project 1 Projco Limited	Renewable development	B	England & Wales	40%	40%
Doggerbank Offshore Wind Farm Project 2 Holdco Limited*	Holding company	B	England & Wales	40%	40%
Doggerbank Offshore Wind Farm Project 2 Projco Limited	Renewable development	B	England & Wales	40%	40%

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered address (key)	Country of incorporation	Proportion of ownership interest and voting rights held	
				2023	2022
Doggerbank Offshore Wind Farm Project 3 Holdco Limited*	Holding company	B	England & Wales	40%	40%
Doggerbank Offshore Wind Farm Project 3 Projco Limited	Renewable development	B	England & Wales	40%	40%
Gatrobren Offshore Developments 1 Limited*	Renewable development	B	England & Wales	50%	50%
Gatrobren Offshore Developments 2 Limited	Renewable development	B	England & Wales	50%	50%
Gatrobren Offshore Developments 3 Limited	Renewable development	B	England & Wales	50%	50%
Greater Gabbard Offshore Winds Limited*	Power Generation	B	England	50%	50%
Green H2 Developments Hold Co Ltd*	Holding company	B	England & Wales	50%	0%
Green H2 Developments Project Co Ltd	Renewables development	B	England & Wales	50%	0%
North Falls Offshore Wind Farm Holdco Limited*	Holding company	D	England & Wales	50%	50%
North Falls Offshore Wind Farm Limited	Renewable development	D	England & Wales	50%	50%
Ossian Offshore Wind Farm Holdings Limited*	Holding company	A	Scotland	40%	40%
Ossian Offshore Wind Farm Limited	Power generation	A	Scotland	40%	40%
SSE Beatrice Offshore Windfarm Holdings Limited*	Holding company	A	Scotland	100%	100%
SSE Galloper Offshore Windfarm Holdings Limited*	Dissolved	B	England & Wales	100%	100%

* indicates direct investment of SSE Renewables Offshore Windfarm Holdings Limited.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

10 Investments (continued)

Registered address key

Reference Registered Office:

A	Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ
B	No 1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH
C	Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB
D	5 Horwick Place, London, SW1P 1WG

11 Other non current assets

Amount falling due after more than one year

	31 March 2023 £ m	31 March 2022 £ m
Amounts owed by Group undertakings	135.3	32.4
	<u>135.3</u>	<u>32.4</u>

The amount disclosed as owed by Group undertakings falling due after more than one year relates to dividend receivables from subsidiaries. The amount incur no interest and are payable on demand.

12 Trade and other debtors

	31 March 2023 £ m	31 March 2022 £ m
Amount owed by Group undertakings	12.1	-
Income tax asset	5.9	3.4
	<u>18.0</u>	<u>3.4</u>

Amounts owed by Group undertakings falling due within one year bear no interest and are payable on demand.

13 Creditors: Amount falling due within one year

	31 March 2023 £ m	31 March 2022 £ m
Accrued expenses	0.7	1.1
Amounts due to Group undertakings	-	12.3
Other creditors*	2.5	-
	<u>3.2</u>	<u>13.4</u>

*Amounts disclosed in Other creditors relate to the accrued EGL liabilities for the Joint Venture subsidiaries Greater Gabbard Offshore Winds Limited for the period 1 January 2023 to 31 March 2023.

SSE Renewables Offshore Windfarm Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023 (continued)

14 Creditors: Amount falling due after more than one year

	31 March 2023 £ m	31 March 2022 £ m
Amounts due to Group undertakings	<u>702.8</u>	<u>629.5</u>

Intercompany interest rate note

The amounts disclosed in the balance sheet as owed to group undertakings and falling due after more than one year are in respect of amounts advanced to the Company by its ultimate parent SSE plc. Interest is charged at 5.03% (2022: 4.89%). There is no fixed repayment term for the amounts disclosed as owed to group undertakings and it has been confirmed by SSE plc that the amounts will not be called upon within the next twelve months.

15 Share capital

Allotted, called up and fully paid shares

	31 March 2023		31 March 2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

16 Dividends

Interim dividends paid

	31 March 2023 £ m	31 March 2022 £ m
Interim dividend of £1,214,851 (2022 - £Nil) per each Ordinary share	<u>122.7</u>	<u>-</u>

17 Parent and ultimate parent undertaking

The Company's immediate parent is SSE Renewables Limited.

The ultimate parent is SSE plc.

The most senior parent entity producing publicly available financial statements is SSE plc. These financial statements are available upon request from Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the company's website at www.sse.com

The ultimate controlling party is SSE plc.