

Annual Report and Financial Statements for the Year Ended 31
December 2022

for

Simply Blue Energy (Scotland) Ltd.

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Simply Blue Energy (Scotland) Ltd.

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

C S P Harwood
G Sharland
B J Sykes
K Saujani

REGISTERED OFFICE:

2nd Floor 2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

REGISTERED NUMBER:

SC662940 (Scotland)

**INDEPENDENT
AUDITORS:**

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
United Kingdom
WC2N 6RH

Simply Blue Energy (Scotland) Ltd.

Directors' Report for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the development of the Salamander wind energy project.

REVIEW OF BUSINESS

The company was incorporated in Scotland as a private company limited by shares under the Companies Act 2006. The address of its registered office is 2nd Floor 2 Lochrin Square, 96 Fountainbridge, Edinburgh, EH3 9QA.

On the 1 April 2022, Orsted Falcon Limited acquired 400 fully paid A shares (comprising 80% of the total issued A shares) of company.

Climate Change:

The physical and transitional risks of climate change have been considered for their impact on the company and the financial statements, including forward looking estimates, and determined not to be material.

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 the approval of the financial statements.

The company does not generate operating cash flows and is reliant on the ongoing financial support of Orsted Falcon Limited (the "Majority Shareholder") and Salamander Offshore Wind Limited. Funding has been agreed for the next stage of the project, which is up to submission of onshore and offshore consent, expected to be in August 2024. The Board has considered the costs and reviewed the forecasted budget required for the next phase of the project, from submission of consent applications to anticipated award of consent (currently forecasted in December 2025), which is beyond the 12 month going concern period, and is satisfied that the Majority Shareholder will honour its funding commitments in line with the budget the Board approves for the next phase of the project. The Majority Shareholder has issued a letter of support to the company to evidence its commitment to fund the project for, at a minimum, the next 12 months in line with the obligations in the shareholders' agreement.

Result for the period:

The company's net result for the current financial period is a loss of £369,296.

Engagement with Employees

The company has no employees.

DIVIDENDS

The results for the financial year are set out in the statement of comprehensive income. The Directors do not recommend the payment of a dividend for the year ending 31 December 2022 (2021 - £ nil).

FUTURE DEVELOPMENTS

The company shall continue to develop the Salamander wind energy project.

EVENTS SINCE THE YEAR END DATE

Information relating to events since the year end date is provided in the notes to the financial statements. In 2023, the company raised £23,500,000 through two ordinary share issuances in order to fund further development costs within the company.

Directors' Report
for the Year Ended 31 December 2022

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

C S P Harwood
G Sharland

Other changes in directors holding office are as follows:

G Davies - appointed 1 April 2022 and resigned 26 January 2024
H Kelly - resigned 1 April 2022
S G Roch Perks - resigned 1 April 2022
B J Sykes - appointed 1 April 2022, resigned 16 June 2023 and appointed 26 January 2024
K Saujani – appointed 16 June 2023

FINANCIAL INSTRUMENTS

The company's activities are exposed to a variety of financial risks, including market risks, credit risk and liquidity risk. Further information on financial risk management is included in note 13 to the financial statements.

POLITICAL DONATIONS AND EXPENDITURE

During the year the company made no political donations and no individual donations to UK or non-UK political parties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 UK-adopted international accounting standards.

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 UK-adopted international accounting standards 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.

Simply Blue Energy (Scotland) Ltd.

Directors' Report
for the Year Ended 31 December 2022

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 AUDITORS

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

ON BEHALF OF THE BOARD:


Kushal Saujani (Mar 15, 2024 10:16 GMT)
.....
K Saujani - Director

Date: Mar 15, 2024
.....


.....
B J Sykes - Director

Date: Mar 15, 2024
.....

Independent auditors' report to the members of Simply Blue Energy (Scotland) Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, Simply Blue Energy (Scotland) Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity 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 2022 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 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.

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.

Other matter

The financial statements for the year ended 31 December 2021, forming the corresponding figures of the financial statements for the year ended 31 December 2022, are unaudited.



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

Simply Blue Energy (Scotland) Ltd.

Statement of Comprehensive Income
for the Year Ended 31 December 2022

		2022	2021 Unaudited
	Notes	£	£
Administrative expenses	6	(369,296)	(1,020,174)
LOSS BEFORE INCOME TAX		(369,296)	(1,020,174)
Income tax	7	-	-
LOSS FOR THE YEAR		(369,296)	(1,020,174)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(369,296)	(1,020,174)

The above results were derived from continuing operations.

There were no other comprehensive income or expenses during the year.

The company adopted UK-adopted International Accounting Standard for the year ended 31 December 2022. A reconciliation of the financial information previously presented in accordance with FRS 102 to conform to the current year basis of preparation is presented in Note 3.


The notes form part of these financial statements

Statement of Financial Position
31 December 2022

		2022	2021 Unaudited	As at 1 January 2021 Unaudited
	Notes	£	£	£
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	8	4,673,403	-	-
CURRENT ASSETS				
Trade and other receivables	9	174,858	70,938	131
Cash and cash equivalents	10	1,083,519	77,958	-
Other financial assets	11	-	357,242	-
		<u>1,258,377</u>	<u>506,138</u>	<u>131</u>
TOTAL ASSETS		<u>5,931,780</u>	<u>506,138</u>	<u>131</u>
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Called up share capital	12	665,910	100	100
Share premium	13	5,992,290	-	-
Retained earnings	13	(1,793,473)	(1,424,177)	(404,003)
TOTAL EQUITY		<u>4,864,727</u>	<u>(1,424,077)</u>	<u>(403,903)</u>
CURRENT LIABILITIES				
Trade and other payables	14	1,049,783	432,742	404,034
Other financial liabilities	15	17,270	1,497,474	-
TOTAL LIABILITIES		<u>1,067,053</u>	<u>1,930,215</u>	<u>404,034</u>
TOTAL EQUITY AND LIABILITIES		<u>5,931,780</u>	<u>506,138</u>	<u>131</u>

The company adopted UK-adopted International Accounting Standard for the year ended 31 December 2022. A reconciliation of the financial information previously presented in accordance with FRS 102 to conform to the current year basis of preparation is presented in Note 3.

The financial statements were approved by the Board of Directors and authorised for issue on 15th March 2024 and were signed on its behalf by:


Kushal Saujani (Mar 15, 2024 10:16 GMT)



K Saujani – Director

B J Sykes - Director

Date: Mar 15, 2024

Mar 15, 2024
Date:

The notes form part of these financial statements

Simply Blue Energy (Scotland) Ltd.

Statement of Changes in Equity
for the Year Ended 31 December
2022

		Called up share capital £	Share premium £	Retained earnings £	Total £
	Note				
Balance at 1 January 2021 (unaudited)	12	100	-	(404,003)	403,903
Changes in equity					
Loss and total comprehensive loss for the financial year (unaudited)		-	-	(1,020,174)	(1,020,174)
Balance at 31 December 2021 (unaudited)	13	100	-	(1,424,177)	(1,424,077)
Changes in equity					
Issue of share capital	12	665,810	5,992,290	-	6,658,100
Loss and total comprehensive loss for the financial year		-	-	(369,296)	(369,296)
Balance at 31 December 2022	13	665,910	5,992,290	(1,793,473)	4,864,727

The notes form part of these financial statements

Simply Blue Energy (Scotland) Ltd.

Statement of Cash Flows
for the Year Ended 31 December 2022

	Note	2022 £	2021 Unaudited £
Cash flows from operating activities			
Loss before income tax		(369,296)	(1,020,174)
Working capital adjustments for:			
Decrease/(increase) in trade and other receivables		253,322	(428,049)
Increase in trade and other payables	14	607,732	28,758
Cash (used in)/generated from operations		861,054	(399,291)
Net cash generated from / (used in) operating activities		491,758	(1,419,423)
Cash flows from investing activities			
Acquisition of intangible fixed assets	8	(4,368,614)	-
Net cash used in investing activities		(4,368,614)	-
Cash flows from financing activities			
Share issue	12	6,362,620	-
Proceeds from borrowings		-	1,497,423
Repayment of borrowings		(1,480,203)	
Net cash from financing activities		4,882,417	1,497,423
Net increase in cash and cash equivalents		1,005,561	77,958
Cash and cash equivalents at beginning of year		77,958	-
Cash and cash equivalents at end of year	10	1,083,519	77,958
Non-cash transactions during the year include			
Share issue	12	295,480	-

The notes form part of these financial statements

1. STATUTORY INFORMATION

Simply Blue Energy (Scotland) Ltd. is a private company, limited by share capital, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
2nd Floor 2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international Accounting Standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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

New standards, amendments and interpretations adopted by the company

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

New standards and interpretations issued, but not yet adopted by the company

There are no standards, amendments to standards or interpretations which are issued but not yet effective at 31 December 2022 which are relevant to the company's operations, or which are anticipated to have a material impact on the company's financial statements.

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 the approval of the financial statements.

The company does not generate operating cash flows and is reliant on the ongoing financial support of Orsted Falcon Limited (the "Majority Shareholder") and Salamander Offshore Wind Limited. Funding has been agreed for the next stage of the project, which is up to submission of onshore and offshore consent, expected to be in August 2024. The Board has considered the costs and reviewed the forecasted budget required for the next phase of the project, from submission of consent applications to anticipated award of consent (currently forecasted in December 2025), which is beyond the 12 month going concern period, and is satisfied that the Majority Shareholder will honour its funding commitments in line with the budget the Board approves for the next phase of the project. The Majority Shareholder has issued a letter of support to the company to evidence its commitment to fund the project for, at a minimum, the next 12 months in line with the obligations in the shareholders' agreement.

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets relate to grid connections and capitalised development costs that are directly attributable to the advancement of identified wind projects controlled by the company. Internally generated intangible assets are only capitalised where all of the following criteria are met:

- It is technically feasible to complete development of the wind project so that it will be available for use;
- The directors intend to complete development of the wind project and use or sell it;
- There is an ability to use or sell the wind project;
- It can be demonstrated how the wind project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the wind project are available; and
- The expenditure attributable to the wind project during its development can be reliably measured

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Impairment of intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2. ACCOUNTING POLICIES - continued

Impairment of intangible assets (continued)

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Trade Payables

Trade payables are obligations to pay for goods and 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.

2. ACCOUNTING POLICIES - continued

Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. FIRST-TIME ADOPTION OF IFRS

Statement of Financial Position

Company reconciliation of equity as at 1 January 2021 (date of transition to IFRS)

		FRS 102 as at 01.01.2021 (unaudited)	Restatement (under FRS 102) (unaudited)	FRS 102 as at 01.01.2021 (restated and unaudited)	Reclassifications and remeasurements (unaudited)	IFRS as at 01.01.21 (unaudited)
	Notes	£	£	£	£	£
CURRENT ASSETS						
Inventories	8	403,918	(403,918)	-	-	-
Trade and other receivables	9	131	-	131	-	131
TOTAL ASSETS		404,049	(403,918)	131	-	131
EQUITY						
SHAREHOLDERS' EQUITY						
Called up share capital	11	100	-	100	-	100
Retained earnings	12	(85)	(403,918)	(404,003)	-	(404,003)
TOTAL EQUITY		15	(403,918)	(403,903)	-	(403,903)
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	13	404,034	-	404,034	-	404,034
TOTAL LIABILITIES		404,034	-	404,034	-	404,034
TOTAL EQUITY AND LIABILITIES		404,049	(403,918)	131	-	131

3. FIRST-TIME ADOPTION OF IFRS - continued

Statement of Financial Position
Company reconciliation of equity as at 31 December 2021

		FRS 102 as at 31.12.2021 (unaudited)	Restatement (under FRS 102) (unaudited)	FRS 102 as at 31.12.2021 (restated and unaudited)	Reclassifications and remeasurements (unaudited)	IFRS as at 31.12.2021 (unaudited)
	Notes	£	£	£	£	£
CURRENT ASSETS						
Inventories	8	1,416,007	(1,416,007)	-	-	-
Trade and other receivables	9	70,938	-	70,938	-	70,938
Cash and cash equivalents	10	77,958	-	77,958	-	77,958
Prepayments		357,242	-	357,242	-	357,242
TOTAL ASSETS		1,922,145	(1,416,007)	506,138	-	506,138
EQUITY						
SHAREHOLDERS' EQUITY						
Called up share capital	11	100	-	100	-	100
Retained earnings	12	(8,170)	(1,416,007)	(1,424,177)	-	(1,424,177)
TOTAL EQUITY		(8,170)	(1,416,007)	(1,424,077)	-	(1,424,077)
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	13	1,930,215	-	1,930,215	-	1,930,215
TOTAL LIABILITIES		1,930,215	-	1,930,215	-	1,930,215
TOTAL EQUITY AND LIABILITIES		1,922,145	(1,416,007)	506,138	-	506,138

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

3. FIRST-TIME ADOPTION OF IFRS - continued

Total Comprehensive Income

Company reconciliation of total comprehensive income for the year ended 31 December 2021

		FRS 102 as at 31.12.2021 (unaudited)	Restatement (under FRS 102) (unaudited)	FRS 102 as at 31.12.2021 (restated and unaudited)	Reclassifications and remeasurements (unaudited)	IFRS as at 31.12.2021 (unaudited)
	Notes	£	£	£	£	£
Continuing Operations						
Revenue		-	-	-	-	-
Administrative expenses		(8,085)	(1,012,089)	(1,020,174)	-	(1,020,174)
Loss Before Income Tax		(8,085)	(1, 012,089)	(1, 020,174)	-	(1, 020,174)
Income Tax	5	-	-	-	-	-
LOSS FOR THE YEAR		(8,085)	(1, 012,089)	(1, 020,174)	-	(1, 020,174)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year net of tax		(8,085)	(1, 012,089)	(1, 020,174)	-	(1, 020,174)

3. FIRST-TIME ADOPTION OF IFRS - continued

Notes to the reconciliation of equity as at 1 January 2022 and 31 December 2022 and total comprehensive income for the year ended 31 December 2022

- **Trade and other receivables**

The adoption of IFRS has changed the company's accounting for impairment losses for financial assets by replacing the incurred loss approach under FRS 102 with a forward-looking expected credit loss (ECL) approach. IFRS requires the company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, the company did not recognise additional impairment on its Trade and other receivables.

- **Trade and other payables**

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

- **Intangible assets**

The intangible assets comprise capitalised development costs.

IFRS requires that management assesses the development costs incurred in line with specific criteria referenced in IAS 38 Intangible Assets to determine whether these costs can be capitalised as Intangible Assets. The considerations given to determine whether development costs are expensed or capitalised are outlined in note 2.

In updating our policies, particularly those relating to the capitalisation of development costs, the company identified that costs capitalised under FRS 102 did not meet the criteria to be recognised as intangible assets, which are the same in accordance with FRS 102 and IAS 38. As a consequence, the 2021 Profit and Loss and Balance Sheet have been restated with respect to some early stage development costs, which were previously recognised as inventories, which have been written off as they were not considered to meet the capitalisation criteria.

- **Deferred tax**

The various transitional adjustments did not result in differences.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

According to the accounting policies in note 2, the company has to recognise the tax effects of such differences if they arise. None arose in the period.

- **Inventories**

In the company's unaudited accounts for 2021, the company had categorised its development costs as a current asset, due to the expected realisation of the value of these development costs through a commercial transaction that was in progress. In adopting IFRS, the company identified that costs recognised as inventory did not meet the recognition criteria, nor as stated above did they meet the criteria to be recognised as intangible assets, and consequently the 2021 Profit and Loss and Balance Sheet have been restated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the company's financial statements 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 judgments, which have significant effect on the amounts recognised in the financial statements:

Development costs

Management assesses the development costs incurred in line with specific criteria referenced in IAS 38 Intangible Assets, to determine whether these costs can be capitalised as Intangible Assets. The considerations given to determine whether development costs are expensed or capitalised are outlined in Note 2.

Significant judgement has been applied in the current year in determining whether there is sufficient evidence to capitalise costs associated with the Salamander project. This includes consideration of evidence as to whether the project is technically feasible, whether there are adequate resources to complete development, and the level of future economic benefits that can be realised from the project. Management has concluded that development costs incurred from 1st April 2022 should be capitalised. This is on the basis that, on this date, Orsted Falcon Limited invested in the company and a shareholder agreement was entered into between the company and its investors, reducing uncertainty with respect to the financing of development. This, combined with progress against other internal project milestones, was considered to give sufficient confidence to conclude that the relevant capitalisation criteria had been met.

5. EMPLOYEES AND DIRECTORS

There were no employees during the year. The directors received no emoluments during the year in respect of their qualifying services to the company.

The directors appointed by Simply Blue Group are remunerated through their group structure. It is not possible to allocate these directors remuneration for their services to the company.

The directors appointed by the Orsted group are remunerated by other companies within the Orsted group for their services to the group as a whole.

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2022	2021
		Unaudited
	£	£
Auditors' remuneration	24,000	-
Accountancy fees	4,445	7,000
Project staff costs	114,929	470,062
Legal	34,983	13,958
Consultancy	97,066	411,674
Surveys	40,040	52,182
Stakeholder engagement	-	56,745
General expenses	7,711	3,934
Travel	18,662	-
Membership and Events	24,830	3,534
Bank fees	572	35
Foreign exchange differences	2,058	1,050
Total administrative expenses	369,296	1,020,174

There has been no non-audit remuneration to our auditors in the current year or the prior year.

7. INCOME TAX

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK.

The differences are reconciled below:

	2022	2021
	£	Unaudited
	£	£
Loss before tax	(369,296)	(1,020,174)
Corporation tax at standard rate @ 19%	(70,166)	(193,833)
Tax losses not recognised	70,166	193,833
Total tax charge	-	-

The main rate of UK corporation tax in the year was 19% and increased to 25% from 1 April 2023.

The company has surplus tax losses at 31 December 2022 of £1,793,473 on which no deferred tax asset has been recognised.

8. INTANGIBLE ASSETS

COST	Grid Connection £	Development Costs £	Total £
At 1 January 2021 (unaudited)	-	-	-
Additions (unaudited)	-	-	-
At 31 December 2021 (unaudited)	-	-	-
At 1 January 2022	-	-	-
Additions	64,300	4,609,103	4,673,403
At 31 December 2022	64,300	4,609,103	4,673,403
NET BOOK VALUE			
At 31 December 2022	64,300	4,609,103	4,673,403
At 31 December 2021	-	-	-

9. TRADE AND OTHER RECEIVABLES

	2022	2021
	£	Unaudited £
VAT receivable	174,858	70,938

The directors consider that the carrying amount of the VAT receivable is approximately equal to their fair value.

10. CASH AND CASH EQUIVALENTS

	2022	2021
	£	Unaudited £
Cash at bank	1,083,519	77,958

The company's cash at bank is classified as financial asset at amortised cost.

11. OTHER FINANCIAL ASSETS

Other financial assets relate to balances owed to the company by related parties. This is outlined in note 17.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	Unaudited £
500	A Ordinary Shares restated	£0.10	50	100
500	B Ordinary Shares restated	£0.10	50	-
6,658,100	A Ordinary Shares issued during 2022	£0.10	665,810	-
			665,910	100

The following fully paid shares were allotted during the year at a premium as shown below:

On the 31 March 2022 the 100 £1 Ordinary Shares brought forward on 1 January 2022 were restated to 1,000 Ordinary shares on the 31 March 2022 as follows:

500 A Ordinary shares at £0.10 to arrive at £50.

500 B Ordinary shares at £0.10 to arrive at £50.

6,658,100 A Ordinary Shares were issued in 2022 at £0.10 per share and at a premium of £0.90 per share. This included a loan conversion to equity transaction to the value of £295,480.

The Ordinary A shares have full voting rights and full rights to dividends and distributions (including on winding up).

The Ordinary B shares have no voting rights and have limited rights to dividends and distributions. There are no rights for Ordinary B shares to dividends and distributions on winding up.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

13. RESERVES

	Retained earnings £	Shares £	Total £
COST			
At 1 January 2021 (unaudited)	(404,003)	100	(403,903)
Loss for the year (unaudited)	(1,020,174)	-	(1,020,174)
At 31 December 2021 (unaudited)	(1,424,177)	100	(1,424,077)
At 1 January 2022	(1,424,177)	100	(1,424,077)
Loss for the year	(369,296)	-	(369,296)
Cash share issuance	-	6,658,100	6,658,100
At 31 December 2022	(1,793,473)	6,658,200	4,864,727
At 31 December 2022	(1,793,473)	6,658,200	4,864,727
At 31 December 2021 (unaudited)	(1,424,177)	100	(1,424,077)

14. TRADE AND OTHER PAYABLES

	2022 £	2021 Unaudited £
Trade payables	735,922	428,742
Amounts due to related parties	67,700	-
Accrued expenses	246,161	4,000
	1,049,783	432,742

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The trade payables balance includes amounts owing to third parties which are outlined in note 17.

Accrued expenses are amount payable to external vendors for the services provided to support the operations.

15. OTHER FINANCIAL LIABILITIES

Other financial liabilities relate to balances owed by the company to related parties in the form of interest-free loans that are repayable upon achieving key project milestones. These are outlined in note 17.

16. CLASSIFICATION OF FINANCIAL AND NON-FINANCIAL ASSETS AND FINANCIAL AND NON-FINANCIAL LIABILITIES

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2022 was as follows:

	Carrying value		Fair value	
	2022	2021	2022	2021
		Unaudited		Unaudited
	£	£	£	£
Financial assets at amortised cost				
Cash and cash equivalents	1,083,519	77,958	1,083,519	77,958
Trade and other receivables	174,858	70,938	174,858	70,938
Other financial assets	-	357,242	-	357,242
Financial liabilities at amortised cost				
Trade and other payables	(1,049,783)	(432,742)	(1,049,783)	(432,742)
Other financial liabilities	(17,270)	(1,497,474)	(17,270)	(1,497,474)

Cash and cash equivalents

Cash and cash equivalents are unsecured with a short credit period and therefore their carrying amount is considered to approximate to fair value.

Trade and other receivables

Due to the short-term nature of other receivables, their carrying amount is considered to approximate to fair value.

Other financial assets

Due to the short-term nature of other financial assets, their carrying amount is considered to approximate to fair value.

Trade and other payables

Trade and other payables comprise amounts due to suppliers and accruals. The fair value of the trade and other payables approximate to their carrying amount as the impact of discounting is not significant.

16. CLASSIFICATION OF FINANCIAL AND NON-FINANCIAL ASSETS AND FINANCIAL AND NON-FINANCIAL LIABILITIES (CONTINUED)

Financial risk management and impairment of financial assets

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

- Market risk
- Credit risk
- 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 cover 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.

1. Market Risk:

(i) Foreign currency risk

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

2. Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Company. The carrying amount of cash and bank balances, trade and other receivables represents the Company's maximum exposure to credit risk in relation to financial assets. The receivables are related to a VAT rebate from the HMRC and thus risk is very limited.

16. CLASSIFICATION OF FINANCIAL AND NON-FINANCIAL ASSETS AND FINANCIAL AND NON-FINANCIAL LIABILITIES (CONTINUED)

3. Liquidity risk

The company is in the development phase and so is dependent on equity financing from its owners to service its investing and operating activities. Management monitors funding and liquidity and ensures the availability of required liquidity. It is the company's policy to ensure adequate liquidity to satisfy their obligations to the group companies.

17. Related party transactions

	Orsted Power (UK) Limited	Salamander Offshore Wind Limited	Simply Blue Management (UK) Limited	Xodus Group Limited
	2022	2022	2022	2022
Transactions:				
Administrative expenses	142,494	25,000	1,066,824	377,787
Balance outstanding at balance sheet date:				
Other financial liabilities	-	17,270	-	-
Trade and other payables	37,537	-	119,886	67,700

	Simply Blue Management (Ire) Limited	Salamander Offshore Wind Limited	Subsea 7 Blue Space Limited	Xodus Group Limited
	2021	2021	2021	2021
Transactions:				
Administrative expenses	150,000	-	31,250	542,718
Balance outstanding at balance sheet date:				
Other financial assets	357,242	-	-	-
Other financial liabilities	87,498	1,409,975	-	-
Trade and other payables	329,259	-	1,500	34,666

18. EVENTS AFTER THE REPORTING PERIOD

On 12 January 2023, the company issued 1,300,000 ordinary shares for a consideration of £1,300,000 to Orsted Falcon Limited (80% of issued shares) and Salamander Offshore Wind Limited (20% of issued shares).

On 27 April 2023, the company issued 15,000,000 ordinary shares for a consideration of £15,000,000 to Orsted Falcon Limited (80% of issued shares) and Salamander Offshore Wind Limited (20% of issued shares).

On 5 October 2023, the company issued 8,500,000 ordinary shares for a consideration of £8,500,000 to Orsted Falcon Limited (80% of issued shares) and Salamander Offshore Wind Limited (20% of issued shares).

19. CAPITAL COMMITMENTS

The company had no material capital commitments at the financial year end date 2022.

20. CONTROLLING PARTY

As at 31 December 2022, the company was owned by:

The immediate parent undertakings of the company are:

- Orsted Falcon Limited (comprising of 80% of total issued A shares). Orsted Falcon Limited's registered office is 2nd Floor 2 Lochrin Square, 96 Fountainbridge, Edinburgh, Scotland, EH3 9QA.

- Salamander Offshore Wind Limited remains owner of the remaining 20% total issued A shares. Salamander's registered office is at Woodbine Hill, Kinasalebeg, Youghal, Co. Cork.

The decisions are agreed mutually between the shareholders and, therefore, the Directors are of opinion that there is neither ultimate single controlling party nor parent company.