

Registration number: 11006425

# VAN OORD OFFSHORE WIND UK LTD.

Annual Report and Financial Statements

for the Year Ended 31 December 2022



# **Van Oord Offshore Wind UK Ltd.**

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## Van Oord Offshore Wind UK Ltd.

### Company Information

**Directors** Mr A F Kuis  
Mr J M Kwakernaak

**Company secretary** Mr D Widdowson (appointed 20 June 2022)  
Ms R Fraser (resigned 20 June 2022)

**Registered office** Resolution House  
18 Ellerbeck Court  
Stokesley  
Middlesbrough  
TS9 5PT

**Solicitors** Walker Morris LLP  
33, Wellington Street  
Leeds  
West Yorkshire  
LS1 4DL

**Bankers** Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB  
HSBC Bank plc  
Leeds City Branch  
1st Floor, 33 Park Row  
Leeds  
West Yorkshire  
LS1 1LD

**Independent auditor** Ernst & Young LLP  
Independent Auditor  
City Gate  
St James Boulevard  
Newcastle upon Tyne  
NE1 4JD

## Van Oord Offshore Wind UK Ltd.

### Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

#### Principal activity

The principal activity of the Company is the design, procurement, construction, maintenance and repair activities for offshore windfarms.

#### Fair review of the business

The Directors report that this trading year has seen a good growth in activity levels with significant demand for offshore wind farm maintenance work.

Work has also begun on the new Sofia Offshore Wind Farm installation contract awarded to the Company by RWE in late 2020. This EPCI (Engineering, Procurement, Construction and Installation) contract was priced and awarded prior to signing of supply sub-contracts. Since then the unprecedented cost inflationary pressures (particularly energy and steel prices) resulting from macroeconomic events such as the Ukraine war and economical impacts of COVID-19 have impacted the contract's potential profitability significantly.

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

	Unit	2022	2021
Turnover	£000	35,661	16,021
Loss before taxation	£000	(1,047)	(14,580)
Profit/ (loss) after taxation	£000	40	(10,744)
Shareholder funds / (deficit)	£000	2,061	(30,454)
Current assets as % of current liabilities	%	141	230
Average number of employees	No.	73	62

#### Principal risks and uncertainties

The Directors have reviewed the business risks in the context of economic factors including geopolitical events (such as the Russian invasion of Ukraine War) and their future possible adverse effects on the Company's future operating profits, cash flow and financial position:

Prices and margins are improving, although clients maintain giving weighting to price rather than quality when awarding contracts. However, by continuously delivering quality and by successful tendering on long term frame agreements, it is expected that a continuous revenue will lead to steady project results.

The Company is supported by a very strong Group structure which maintains favourable liquid resources. This was evidenced by a share premium injection of £32.5m in December 2022. The Directors do not believe that the Company will suffer liquidity shortages in the foreseeable future.

The Directors have considered the principal risks and challenges to the continued trading of Van Oord Offshore Wind UK Ltd, over the medium term period to the end of calendar year 2023. The Directors understand the challenges of trading in the installation and maintenance sectors of the offshore wind market. Trading activities have increased in both these sectors in 2022 and are forecasted to increase further going forwards thanks to the award of new contracts to the Company.

## **Van Oord Offshore Wind UK Ltd.**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

The Directors anticipate risks from economic or global factors and plan accordingly. The Company has remained vigilant over the warning signs exhibited in the global economy and uncertainty in the United Kingdom economy, which is partly due to Britain's exit ('Brexit') from the European Union ('EU'), the ongoing conflict between Russia and Ukraine and the cost of living crisis in the UK. The Company has assessed the potential impact on its business on a short to medium term view of the risks, Brexit remains a risk, and it is impossible to take a longer term view of this risk until there is more clarity about the future trade relationship between the UK and EU. The cost of living crisis is also considered a risk with increased costs expected for the business, and the Company continues to assess the potential impact on the business. In the meantime there is no impact on the figures presented for the year ended 31 December 2022.

#### **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. The Directors of the Company recognise the importance of and the effect that different groups of stakeholders have on the Company and its success. As a result, the Directors are careful to consider the effects of the Company's actions on different groups of stakeholders when they make decisions.

#### **Customers**

The Directors recognise that customer relationships are critical to the success of the Company. As the nature of business of the Company involves multi-year frame agreements, it is of paramount importance that the Company maintains a positive relationship with its customers in order to be in a position to win repeat business.

The Company carries out regular evaluations with customers to foster and maintain a positive working relationship. The evaluations provide essential feedback, enabling the Company to give an improved service in engineering and project management.

#### **Suppliers**

The Directors recognise that the Company's suppliers also play an important role in the success of the Company. Receiving quality products in a timely and efficient manner from suppliers has a positive effect on the Company's ability to control costs and delivery project results, this makes suppliers a key group of stakeholders.

The Company maintains an active supplier management process whereby individual suppliers are scored against their agreed supplier contract. The results of this process are presented to the Directors on a regular basis, this enables the Directors to better direct key purchasing decisions.

## **Van Oord Offshore Wind UK Ltd.**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Communities**

As the Company's workforce is primarily derived from the local community, the Directors recognise that they must recognise the local community when they make business decisions as the local community potentially represents a large part of the Company's future workforce. It is therefore important for the Company to improve its reputation and minimise its negative effects on the community.

The Directors have implemented an apprenticeship scheme which selects candidates from the local colleges. This increases interaction between the Company and the local community helps to educate members of the community about the activities of the business.

The Directors believe that greater awareness of the Company's activities amongst the community will help to improve the Company's reputation within the local community and therefore increase the number of quality applicants for positions within the Company which can help to improve the Company's long-term prospects.

#### **Environment**

The Directors recognise that the Company must act in an environmentally responsible manner in all its business activities to ultimately achieve a net - positive impact on people, the planet and prosperity. The Company also seeks to reduce its energy usage through installing fixtures and fittings which reduce energy consumption.

#### **Employees**

The Directors recognise that the Company's employees are crucial to the long-term success of the Company. It is important that the Company maintains and improves upon the skill base of its employees as this will directly affect the day to day performance of the Company. A properly trained workforce will enable the Company to meet its customer service goals whilst making efficient use of its resources. The Directors seek to identify the training needs of its employees through the use of regularly scheduled performance appraisals combined with budgeting for training needs on a yearly basis.

The Directors also want to encourage employee participation in the business as this leads to better employee retention which inevitably leads to a more skilled workforce which is better able to meet the ongoing requirements of the business. In order to encourage employee participation, the Directors organise regular business update presentations where they present updates on the status of the business and seek to include employees through question and answer sessions.

#### **Principle Decisions**

The Directors consider principle decisions to be those decisions which are of key strategic importance to the Company and affect one or more groups of stakeholders. The Directors recognise that considering the impact on stakeholders in its decisions is key to the success of the Company.

#### **Pay Award**

The Directors approved an average of 8.00% pay increase for its office employees in 2022. During the process of agreeing the increase, the Directors consulted the employees in order to receive feedback on the proposal and ensure that all viewpoints were considered. The pay award was approved by the Directors after it was agreed.

## **Van Oord Offshore Wind UK Ltd.**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Environmental, quality, health and safety statement**

Clients requiring the services of Van Oord Offshore Wind UK Ltd, in our core activities of offshore wind construction and maintenance, are constantly demanding higher standards, with the environment being one of the key indicators. Therefore, good environmental performance is of paramount importance to the Company. The Company strives to continually improve its environmental and quality performance. In 2022 the Company had a good health and safety performance, measured through quarterly Van Oord reporting using a set of H&S KPIs, which the Directors believe is a direct result of its continued investment in training, education and monitoring systems. However, the Directors are not complacent and understand that constant vigilance is important.

#### **Financial risk management policy**

##### ***Objectives and policies***

The Company's principal financial instruments comprise cash. Other financial assets and liabilities, such as trade debtors and trade creditors arise directly from the Company's operating activities.

The main risks associated with the Company's financial assets and liabilities are set out below. The Company does not undertake any hedging activity and any significant financial risks are addressed on a case-by-case basis.

##### ***Principal risks***

###### **Interest rate risk**

Interest has been incurred at a floating rate of 1-4% on group facilities. Therefore, financial assets, liabilities, interest income and interest charges and cash flows are not affected by movements in interest rates with no significant exposure.

###### **Price risk**

The Company includes price inflation indices and adjustment mechanisms within contracts in order to mitigate exposure to price changes in costs of operating activity. Pricing changes are factored into forward forecasts of contract outturns and, so, are a central part of ongoing risk planning and management.

###### **Credit risk**

The Directors do not consider that there is any significant credit risk due to the nature of the business, its customers and the operation of a tight credit control process.

###### **Liquidity risk**

The Company aims to mitigate liquidity risk by managing cash generated by its operations. The Company achieves this through the use of intercompany loan funding and other banking facilities. The Company also has a cash pooling arrangement with the Parent Company, which sweeps cash on a daily basis. Use of this arrangement was evidenced in 2022 with a £32.5m share premium injection facilitated through the cash pooling arrangement.

###### **Foreign currency risk**

The Company's principle transactions in foreign currency are in Euros. As a result, the Company's future cashflows arising from these transactions can be affected by movements in exchange rates. No hedging activity is undertaken to mitigate this risk as it is not considered to be significant from the Company's perspective.

## Van Oord Offshore Wind UK Ltd.

### Strategic Report for the Year Ended 31 December 2022 (continued)

Approved and authorised for issue by the Board on 21 September 2023 and signed on its behalf by:



Jeroen Kwakernaak 21 Sep 2023 16:58:39 BST (UTC +1)

Mr J M Kwakernaak  
Director

## **Van Oord Offshore Wind UK Ltd.**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

#### **Directors of the company**

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

Mr A F Kuis  
Mr J M Kwakernaak

#### **Dividends**

No ordinary dividends were paid during the year (2021 - £Nil). The directors do not recommend payment of a final dividend (2021 - £Nil).

#### **Information included in the Strategic Report**

Financial risk information is not shown in the Directors' Report as it is shown in the Strategic Report.

#### **Future developments**

High demand for offshore wind farm maintenance and repair has continued into 2023 with another strong year forecast. Going forwards into 2024 and beyond, the contract pipeline looks strong and the Company is well placed in terms of both track record and vessel availability to grow its activity further.

In addition to the ongoing Sofia Offshore Wind Farm ECPI contract, the Company is actively bidding for other similar contracts. Stretching UK Government targets for growth in offshore wind electricity generation plus limited contractor and vessel availability to deliver such work puts the Company in a strong position to be awarded further work in this area. These factors are also anticipated to realign commercial and contract terms in order to deliver the works more profitably.

#### **Going concern**

The Company's business activities, together with the factors which the directors foresee will impact upon the future commercial successes of the Company, are set out in this report.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

At the balance sheet date, the Company had net current assets of £17,881,000 (2021 - £57,049,000) and total net assets of £2,061,000 (2021 - total net liabilities £30,454,000) including amounts owed (from) / to its parent undertaking and other group undertakings (net) of £26,736,000 (2021 - £5,449,000).

The Company meets its day to day working capital requirements through cash deposits held and loans from its parent undertakings. The Company is dependent on continued financial support from its parent undertaking. This support was evidenced by a share premium injection of £32.5m in December 2022 to strengthen the Company's balance sheet.

The Company's offshore wind farm maintenance activities and revenues have increased significantly in 2023, with sales expected to improve further going forwards due to contracts awarded and good vessel utilisation.

The Sofia Offshore Wind Farm EPCI (Engineering, Procurement, Construction and Installation) contract was priced and awarded prior to signing of supply sub-contracts. Since then the unprecedented cost inflationary pressures (particularly energy and steel prices) resulting from macroeconomic events such as the Ukraine war have impacted the contract's potential profitability significantly.

## Van Oord Offshore Wind UK Ltd.

### Directors' Report for the Year Ended 31 December 2022 (continued)

In order to monitor the situation and ensure that the Company remains a going concern, the Directors are reviewing weekly and monthly forecasts of the Company's expected future performance based on the most up to date information that is available. The information that these forecasts are based on changes on an almost daily basis and therefore regular reviews are essential in order to control the Company's exposure to risks.

The Company is dependent on continuing financial support being made available from its parent undertaking. The Directors have received formal confirmation via a letter from Van Oord N.V (the Parent Company) that financial assistance will be provided, for at least 12 months from the date of the approval of these financial statements. On this basis, the financial statements have been prepared on a going concern basis.

The Directors have determined that the Parent Company will be able to provide financial support to the Company as and when required as detailed cashflow analysis has been done by the Parent Company for both current and future years. The results of this analysis is that the Parent Company will be able to support the Company for at least 12 months from the date of the approval of these financial statements.

In view of the circumstances referred to above, the Directors have satisfied themselves that financial support will continue to be available to the Company in the foreseeable future. Accordingly, the Directors of the Company believe that it is appropriate to prepare the financial statement on a going concern basis.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by the Board on 21 September 2023 signed on its behalf by:



Jeroen Kwakernaak 21 Sep 2023 16:58:39 BST (UTC +1)

.....  
Mr J M Kwakernaak  
Director

## **Van Oord Offshore Wind UK Ltd.**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

## **Van Oord Offshore Wind UK Ltd.**

### **Independent Auditor's Report to the Members of Van Oord Offshore Wind UK Ltd.**

#### **Opinion**

We have audited the financial statements of Van Oord Offshore Wind UK Limited for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Van Oord Offshore Wind UK Ltd.**

### **Independent Auditor's Report to the Members of Van Oord Offshore Wind UK Ltd. (continued)**

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Van Oord Offshore Wind UK Ltd.

### Independent Auditor's Report to the Members of Van Oord Offshore Wind UK Ltd. (continued)

#### Auditor's responsibilities for the audit of the financial statements

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

#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relating to the reporting framework (FRS102 and Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition the Company is required to comply with laws and regulations relating to its operations including general data protection regulations ('GDPR'), Health and Safety Act, the UK Bribery Act, anti-money laundering legislation and employment regulations.

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. These enquiries confirmed that the Company has a process for monitoring legal requirements; has training policies designed to determine that all employees are properly trained and understand the code of conduct relating to compliance with laws and regulations; and has a process for reporting matters of non-compliance and taking appropriate action.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assessing revenue to be a fraud risk. Our procedures were designed to address the risk of the potential for revenue to be misstated due to the complexity in estimating the costs to complete on projects as it involves forecasts which are inherently uncertain. We tested the revenue recognised and management's forecasts of projected costs, focusing on the key assumptions in order to address the risk. We also tested the historical accuracy of management's forecasts to assess the reliability of the forecasting process. Applying our data techniques, we identified the manual journal population deemed most susceptible to fraud (based on fraud risk criteria) and substantiated those transactions back to supporting documentation ensuring appropriate authorisation of the transactions.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of management and those charged with governance as to their awareness of non-compliance with laws and regulations. We also considered results of our substantive procedures on other areas of the audit that may indicate non-compliance with such laws and regulations.

## **Van Oord Offshore Wind UK Ltd.**

### **Independent Auditor's Report to the Members of Van Oord Offshore Wind UK Ltd. (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Richard Lingwood (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne

Date: 21 September 2023

## Van Oord Offshore Wind UK Ltd.

### Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	35,661	16,021
Cost of sales		<u>(35,814)</u>	<u>(30,255)</u>
Gross loss		(153)	(14,234)
Administrative expenses		(803)	(509)
Other operating income	4	<u>81</u>	<u>268</u>
Operating loss	5	(875)	(14,475)
Other interest receivable and similar income	6	28	-
Interest payable and similar expenses	7	<u>(200)</u>	<u>(105)</u>
Loss before tax		(1,047)	(14,580)
Taxation	10	<u>1,087</u>	<u>3,836</u>
Profit/(loss) for the financial year		<u><u>40</u></u>	<u><u>(10,744)</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 17 to 29 form an integral part of these financial statements.

## Van Oord Offshore Wind UK Ltd.

(Registration number: 11006425)

### Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Tangible assets	11	-	13
<b>Current assets</b>			
Debtors	12	58,030	99,271
Cash at bank and in hand		3,423	1,515
		<u>61,453</u>	<u>100,786</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(43,572)</u>	<u>(43,737)</u>
<b>Net current assets</b>		<u>17,881</u>	<u>57,049</u>
<b>Total assets less current liabilities</b>		17,881	57,062
<b>Provisions for liabilities</b>	14	<u>(15,820)</u>	<u>(87,516)</u>
<b>Net assets/(liabilities)</b>		<u>2,061</u>	<u>(30,454)</u>
<b>Capital and reserves</b>			
Called up share capital	15	33	25
Share premium reserve	16	32,467	-
Profit and loss account	16	<u>(30,439)</u>	<u>(30,479)</u>
<b>Total equity/(deficit)</b>		<u>2,061</u>	<u>(30,454)</u>

Approved and authorised for issue by the Board on 21 September 2023 signed on its behalf by:



Jerren Kwakernaak 21 Sep 2023 16:58:39 BST (UTC +1)

Mr J M Kwakernaak  
Director

The notes on pages 17 to 29 form an integral part of these financial statements.

## Van Oord Offshore Wind UK Ltd.

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	25	(19,735)	(19,710)
Loss for the year	-	(10,744)	(10,744)
Total comprehensive income	-	(10,744)	(10,744)
At 31 December 2021	<u>25</u>	<u>(30,479)</u>	<u>(30,454)</u>

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	25	-	(30,479)	(30,454)
Profit for the year	-	-	40	40
Total comprehensive income	-	-	40	40
Transaction with owner: New share capital subscribed	<u>8</u>	<u>32,467</u>	<u>-</u>	<u>32,475</u>
At 31 December 2022	<u>33</u>	<u>32,467</u>	<u>(30,439)</u>	<u>2,061</u>

The notes on pages 17 to 29 form an integral part of these financial statements.

## **Van Oord Offshore Wind UK Ltd.**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

The Company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is Resolution House, 18 Ellerbeck Court, Stokesley, Middlesbrough, TS9 5PT.

#### **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.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £000.

##### **Summary of disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

## **Van Oord Offshore Wind UK Ltd.**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The Company's business activities, together with the factors which the directors foresee will impact upon the future commercial successes of the Company, are set out in this report.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

At the balance sheet date, the Company had net current assets of £17,881,000 (2021 - £57,049,000) and total net assets of £2,061,000 (2021 - total net liabilities £30,454,000) including amounts owed (from) / to its parent undertaking and other group undertakings (net) of £26,736,000 (2021 - £5,449,000).

The Company meets its day to day working capital requirements through cash deposits held and loans from its parent undertakings. The Company is dependent on continued financial support from its parent undertaking.

The Company's offshore wind farm maintenance activities and revenues have increased significantly in 2023, with sales expected to improve further going forwards due to contracts awarded and good vessel utilisation.

The Sofia Offshore Wind Farm EPCI (Engineering, Procurement, Construction and Installation) contract was priced and awarded prior to signing of supply sub-contracts. Since then the unprecedented cost inflationary pressures (particularly energy and steel prices) resulting from macroeconomic events such as the Ukraine war have impacted the contract's potential profitability significantly.

In order to monitor the situation and ensure that the Company remains a going concern, the Directors are reviewing weekly and monthly forecasts of the Company's expected future performance based on the most up to date information that is available. The information that these forecasts are based on changes on an almost daily basis and therefore regular reviews are essential in order to control the Company's exposure to risks.

The Company is dependent on continuing financial support being made available from its parent undertaking. The Directors have received formal confirmation via a letter from Van Oord N.V (the Parent Company) that financial assistance will be provided, for at least 12 months from the date of the approval of these financial statements. On this basis, the financial statements have been prepared on a going concern basis.

The Directors have determined that the Parent Company will be able to provide financial support to the Company as and when required as detailed cashflow analysis has been done by the Parent Company for both current and future years. The results of this analysis is that the Parent Company will be able to support the Company for at least 12 months from the date of the approval of these financial statements.

In view of the circumstances referred to above, the Directors have satisfied themselves that financial support will continue to be available to the Company in the foreseeable future. Accordingly, the Directors of the Company believe that it is appropriate to prepare the financial statement on a going concern basis.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2. Accounting policies (continued)

##### Judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

###### Long-term contracts

Profit on long-term contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as the contract activity progresses.

Stage of completion is measured by reference to costs incurred to date as a percentage of total estimate costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. An expected loss on the contract is recognised immediately as an expense.

Turnover is stated as the value which has been certified. Revenues derived from variations on contracts are recognised to the extent that it has been accepted by the client. Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit, to the extent that reliability is reasonably certain. Cost for this purpose includes valuation of all work undertaken by subcontractors.

Long-term contract balances represent total cost incurred net of amount transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Payments received from customers in advance are deducted from work in progress to the extent of the cost of the work carried out and any excess is shown as payments on account on long-term contracts.

##### Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

##### Contract revenue recognition

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Foreign currency transactions and balances

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income Statement for the period.

##### Tax

The tax figure represents the sum of the tax currently recoverable.

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### Tangible assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

##### Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Asset class	Depreciation method and rate
Computers	3 years straight line

##### Impairment of non-financial assets

At each balance sheet date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

## **Van Oord Offshore Wind UK Ltd.**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, as well as demand deposits held within a Van Oord customer accounts pool.

##### **Borrowings**

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

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

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

##### **Provisions**

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **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.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### **Defined contribution pension obligation**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, and amounts owed to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 3 Turnover

The analysis of the Company's Turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Provision of services	<u>35,661</u>	<u>16,021</u>

The analysis of the Company's Turnover for the year by market is as follows:

	2022 £ 000	2021 £ 000
UK	21,808	13,750
Europe	<u>13,853</u>	<u>2,271</u>
	<u>35,661</u>	<u>16,021</u>

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £ 000	2021 £ 000
Miscellaneous other operating income	<u>81</u>	<u>268</u>

Other operating income includes residual port side kit sales and consultancy services.

#### 5 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation expense	13	40
Foreign exchange gains	(77)	(1,103)
Operating lease expense - property	<u>159</u>	<u>247</u>

#### 6 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Other finance income	<u>28</u>	<u>-</u>

#### 7 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest payable on loans from group undertakings	<u>200</u>	<u>105</u>

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	4,932	4,696
Social security costs	600	529
Pension costs, defined contribution scheme	274	252
	<u>5,806</u>	<u>5,477</u>

The average number of persons employed by the Company (excluding directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administrative staff	35	27
Marine crew	38	35
	<u>73</u>	<u>62</u>

Employees project wages and salaries costs are recharged to associated Companies. The project recharges for the year were £4,487,193 (2021 - £5,458,458).

All directors are remunerated for their services to the European Group, as a whole, of which the Company is a member. No charge is made to the Company for the remuneration of the directors who service the European Group (2021 - £Nil).

The Company contributes to a defined contribution pension scheme. Contributions in the year totalled £274,000 (2021 - £252,000). There were contributions amounting to £92,530 (2021 - £97,721) outstanding at the balance sheet date.

#### 9 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>90</u>	<u>75</u>

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 10 Taxation

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000
<b>Current taxation</b>		
UK corporation tax	(1,073)	(3,836)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(14)</u>	<u>-</u>
Tax receipt in the income statement	<u>(1,087)</u>	<u>(3,836)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Loss before tax	<u>(1,047)</u>	<u>(14,580)</u>
Corporation tax at standard rate	(199)	(2,770)
Tax decrease arising from group relief	<u>(888)</u>	<u>(1,066)</u>
Total tax credit	<u>(1,087)</u>	<u>(3,836)</u>
<b>Deferred tax</b>		

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 25% from 1 April 2023. The announcement of the reversal in the tax rate from 1 April 2023 was not enacted or substantively enacted at the balance sheet date and accordingly has no impact on the tax balances at 31 December 2021 and 31 December 2022.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 11 Tangible assets

	Computers £ 000	Total £ 000
<b>Cost</b>		
At 1 January 2022	120	120
At 31 December 2022	120	120
<b>Depreciation</b>		
At 1 January 2022	107	107
Charge for the year	13	13
At 31 December 2022	120	120
<b>Carrying amount</b>		
At 31 December 2022	-	-
At 31 December 2021	13	13

#### 12 Debtors

	Note	2022 £ 000	2021 £ 000
Amounts recoverable on contracts		10,515	3,042
Amounts owed by group undertakings		40,129	20,154
Other debtors		54	74,593
Prepayments and accrued income		7,318	1,482
Deferred tax assets	10	14	-
		<u>58,030</u>	<u>99,271</u>

Amounts owed from fellow group undertakings are non-interest bearing and are repayable on demand.

Other debtors balance represents sundry debtors in 2022 and in 2021 relates to the portion of onerous contracts provision that was expected to be recovered from the group undertakings between 2022 - 2024 in line with the transfer pricing arrangement. This balance is now included in intercompany in 2022 following the ratification of the transfer pricing agreement during the year.

Amounts recoverable on contracts are stated after provisions for impairment of £Nil (2021 - £396,000).

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 13 Creditors

	2022 £ 000	2021 £ 000
<b>Due within one year</b>		
Trade creditors	711	1,043
Payments on account	26,370	11,713
Amounts owed to group undertakings	13,393	25,603
Social security and other taxes	93	481
Other creditors	3,005	4,897
	<u>43,572</u>	<u>43,737</u>

Amounts owed to fellow group undertakings are non-interest bearing and are repayable on demand, with the exception of Van Oord Finance, where interest has been payable at a floating rate of 1-4%.

#### 14 Provisions for liabilities

	<b>Onerous contracts</b>
	<b>£ 000</b>
At 1 January 2022	87,516
Additional provisions	3,218
Provision release for 2022 result	(612)
Transfers	<u>(74,302)</u>
At 31 December 2022	<u>15,820</u>

A provision is recognised for the expected loss on the Sofia project. It is anticipated that these costs will be incurred between 2023 - 2025, with an amount totalling £7,185,000 forecast to crystallise within one year and £8,635,000 in more than one year.

The transfer in the year represents an intercompany realignment as a result of the profit share agreement with Van Oord Offshore Wind B.V. that was signed in September 2022.

## Van Oord Offshore Wind UK Ltd.

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 15 Share capital

##### Allotted, called up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	33	33	25	25

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

##### Share issue

On 15 December 2022 7,500 Ordinary shares were issued each with a nominal value of £1 per share for consideration of £4,330 per share.

#### 16 Reserves

##### Called up share capital

This reserve records the nominal value of the issued share capital of the Company.

##### Profit and loss account

This reserve records cumulative profits and losses less any dividends paid.

##### Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

#### 17 Operating lease commitments

##### Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	158	159
Later than one year and not later than five years	446	604
	<u>604</u>	<u>763</u>

## **Van Oord Offshore Wind UK Ltd.**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **18 Related party transactions**

As the Company is a wholly owned subsidiary within the group headed by Van Oord N.V. the Company has taken advantage of the exemption contained in FRS 102 paragraph 33.1A and has therefore not disclosed transactions or balances with entities which form part of the group due to all other group Companies being 100% owned within the Van Oord Group. The consolidated financial statements of Van Oord N.V. within which this Company is included, can be obtained from the address given in the note for the ultimate parent undertaking and controlling party.

#### **19 Parent and ultimate parent undertaking**

The Company's immediate parent undertaking, is Van Oord Offshore Wind B.V., a company incorporated in the Netherlands.

In the directors' opinion the Company's ultimate parent undertaking, controlling party and largest and smallest group in whose financial statements the Company is consolidated is Van Oord N.V., a company incorporated in the Netherlands.

The Group financial statements may be obtained from Van Oord N.V., PO Box 8574, 3009 AN Rotterdam, the Netherlands, and are available on the group website: [www.vanoord.com/news/publications](http://www.vanoord.com/news/publications).