

Registration number: 05294242

Morecambe Wind Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Morecambe Wind Limited

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Morecambe Wind Limited

Company Information

Directors	Jonathan Cole Hugh Yendole Heather Chalmers White Philip Henry De Villiers
Registered office	5 Howick Place London England SW1P 1WG United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH United Kingdom

Morecambe Wind Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements audited financial statements for the year ended 31 December 2019.

Directors of the company

The directors, who held office during the year and up to date of approval of the financial statements were as follows:

Benjamin Sykes (resigned 19 March 2020)

Roy Scott (resigned 31 January 2019)

Jonathan Cole

Hugh Yendole

Heather Chalmers White (appointed 20 February 2019)

The following director was appointed after the year end:

Philip Henry De Villiers (appointed 1 April 2020)

The Directors do not hold any interest in the company.

Principal activities

The principal activity of the company is to participate in the Connection and Use of System Code, the Balancing and Settlement Code and the Grid Code in respect of the West of Duddon Sands offshore wind farm.

The company is jointly owned and managed by ScottishPower Renewables WODS Limited ("SPWODS") and Orsted West of Duddon Sands (UK) Limited ("OWODS").

The company holds the generation licence for the West of Duddon Sands offshore wind farm.

Future developments

The Company will continue its services to West of Duddon Sands offshore wind farm.

Going Concern

The company's ultimate parent companies are Iberdrola S.A. and Ørsted A/S. The company recovers all costs from its owners. The company's cash flow requirements are met by its parent companies. The directors have considered the company's funding relationship with its owners and have a reasonable expectation that the company will be able to continue in operational existence for at least 12 months from the date the financial statements are approved and the preparation of the financial statements on a going concern basis is appropriate.

Political donations

There are no political donations made or political expenditures incurred by the company during the year.

Financial risk management

The Company's activities are exposed to a variety of financial risks. Further information on financial risk management is in note 13 Financial risk management and impairment of financial assets.

Brexit

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

Morecambe Wind Limited

Directors' Report for the Year Ended 31 December 2019

Events after the reporting period

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern".

The consequence of COVID-19, where many governments have decided to "close down countries" will have a significant impact on the world economy.

Management has assessed the consequence of COVID-19 as a non-adjusting event but has decided to disclose assessment of impact.

This event, in management's opinion, do not provide evidence of conditions that have direct impact on company's business operations, assets and liabilities.

Directors' liabilities

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

Reappointment of auditors

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

Disclosure of information to the auditors

Each director has 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. The directors confirm that there is no relevant audit information of which they know the auditors are unaware.

Small companies provision statement

This report has been prepared in accordance with the small companies exemption under part 15 of the Companies Act 2006.

Approved by the Board on 19 May 2020 and signed on its behalf by:



.....
Hugh Yendole
Director

Morecambe Wind Limited

Directors' Report for the Year Ended 31 December 2019

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Morecambe Wind Limited

Independent Auditors' Report to the Members of Morecambe Wind Limited

Report on the audit of the financial statements

Opinion

In our opinion, Morecambe Wind Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 2019; the Statement of Comprehensive Income, the Statement of Cash Flows, 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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.

Morecambe Wind Limited

Independent Auditors' Report to the Members of Morecambe Wind Limited

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 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 Directors' Responsibilities Statement, 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.

Morecambe Wind Limited

Independent Auditors' Report to the Members of Morecambe Wind Limited

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.

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.

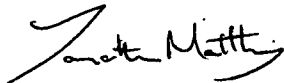
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



.....
Jonathan Matthews (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditor

1 Embankment Place
London
WC2N 6RH

Date: 19 May 2020

Morecambe Wind Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Revenue	3	24,876,644	23,628,048
Cost of sales		<u>(24,863,557)</u>	<u>(23,582,417)</u>
Gross profit		13,087	45,631
Administrative expenses		<u>(34,595)</u>	<u>(62,294)</u>
Operating loss		<u>(21,508)</u>	<u>(16,663)</u>
Finance income	5	21,625	16,861
Finance costs	5	<u>(117)</u>	<u>(198)</u>
Net finance income	5	<u>21,508</u>	<u>16,663</u>
Result before tax		<u>-</u>	<u>-</u>
Result and total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

The above results were derived from continuing operations.

There are no other comprehensive income (expense) during the year.

The notes on pages 12 to 22 form an integral part of these financial statements.

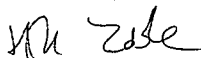
Morecambe Wind Limited

(Registration number: 05294242)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Other non-current receivables	8	181,361	181,361
Current assets			
Other receivables	9	230,209	333,079
Cash and cash equivalents	10	<u>3,772,683</u>	<u>2,907,155</u>
		<u>4,002,892</u>	<u>3,240,234</u>
Total assets		<u><u>4,184,253</u></u>	<u><u>3,421,595</u></u>
Equity and liabilities			
Equity			
Share capital	11	<u>(6)</u>	<u>(6)</u>
Total equity		(6)	(6)
Current liabilities			
Trade and other payables	12	<u>(4,184,247)</u>	<u>(3,421,589)</u>
Total equity and liabilities		<u><u>(4,184,253)</u></u>	<u><u>(3,421,595)</u></u>

The financial statements on pages 8 to 22, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within the Companies Act 2006, Pt. 15, were approved by the Board on 19 May 2020 and signed on its behalf by:



.....
Hugh Yendole
Director

Morecambe Wind Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Total equity £
At 1 January 2019	6	6
Profit/(loss) for the year	-	-
Total comprehensive income	-	-
At 31 December 2019	6	6

	Share capital £	Total equity £
At 1 January 2018	6	6
Profit/(loss) for the year	-	-
Total comprehensive income	-	-
At 31 December 2018	6	6

The notes on pages 12 to 22 form an integral part of these financial statements.

Morecambe Wind Limited

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Result before tax for the year		-	-
<i>Adjustments to cash flows from non-cash items</i>			
Finance income	5	(21,625)	(16,861)
Finance costs	5	<u>115</u>	<u>198</u>
		(21,510)	(16,663)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	9	102,870	(291,582)
Increase in trade and other payables	12	<u>762,658</u>	<u>357,059</u>
Net cash flow from operating activities		844,018	48,814
Cash flows from investing activities			
Interest received	5	21,625	16,861
Cash flows from financing activities			
Interest paid	5	<u>(115)</u>	<u>(198)</u>
Net increase in cash and cash equivalents		865,528	65,477
Cash and cash equivalents at 1 January		<u>2,907,155</u>	<u>2,841,678</u>
Cash and cash equivalents at 31 December		<u><u>3,772,683</u></u>	<u><u>2,907,155</u></u>

The notes on pages 12 to 22 form an integral part of these financial statements.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

The address of its registered office is:

5 Howick Place

London

England

SW1P 1WG

United Kingdom

2 Accounting policies

Statement of compliance

The company's financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the European Union ("adopted IFRS's"). IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared under the historical cost convention.

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

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 January 2019 and which have not been adopted early, are expected to have a material effect on the financial statements.

Going concern

The company's ultimate parent companies are Iberdrola S.A. and Ørsted A/S. The company recovers all costs from its owners. The company's cash flow requirements are met by its parent companies. The directors have considered the company's funding relationship with its owners and have a reasonable expectation that the company will be able to continue in operational existence for at least 12 months from the date the financial statements are approved and the preparation of the financial statements on a going concern basis is appropriate.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from recharge of grid transmission costs to the joint owners of West of Duddon Sands Offshore wind farm. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

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

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

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the sale of products:

The main performance obligations to customers consist of holding a Transmission Licence and bearing the cost of using national grid asset network.

Transaction price

The transaction price is determined by the fee specified in the Connection and Use of System Code.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional. Shareholders of the West of Duddon Sands wind farm use the grid to transport the power produced from the West of Duddon Sands wind farm and pays the company on a monthly basis to cover the cost for using the national grid asset network and other related costs.

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

Contract liabilities

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

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

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

Tax

Current tax, including 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 by the balance sheet date.

Trade receivables

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

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables

Other receivables are amounts due from various business partners for non trade transactions during the ordinary course of business. If the receivables collection is expected in one year or less, they are classified as current assets, otherwise they are presented as non-current assets.

Cash and cash equivalents

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

Trade payables

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

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

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.

Financial assets and liabilities

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

Financial assets

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

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

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

Impairment

We keep our receivables until maturity, and they are therefore measured at amortised cost. Write-down is carried out from initial recognition of our receivables. The write-down is calculated as the difference between the carrying amount of the receivable and the net present value of expected future cash flows from the receivable. The discount rate used is the effective interest rate. We apply the simplified approach to the write-down of trade receivables, which permits calculating the write-down as the full loss during the entire term of the receivable.

Financial liabilities

The company classifies its financial liabilities in the following categories:

- financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), and
- other financial liabilities at amortized cost.

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

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

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

3 Revenue

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

	2019 £	2018 £
Recharge of grid transmission costs	23,478,187	20,267,020
Other revenue	1,398,457	3,361,028
	<u>24,876,644</u>	<u>23,628,048</u>

Revenue regards recharge of grid transmission costs to joint owners of West of Duddon Sands offshore wind farm.

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

Timing of revenue recognition from customers :

	2019 £	2018 £
Over time	24,876,644	23,628,048

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

- 'Over time' mainly comprises the recharge of grid transmission costs.

4 Employees and directors

There were no (2018: nil) employees during the year. The directors received no (2018: £nil) emoluments during the year, in respect of their services to the company.

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

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Net finance income

	2019 £	2018 £
Finance income		
Interest income on bank deposits	21,625	16,861
Finance costs		
Interest on bank overdrafts and borrowings	(115)	(198)
Interest on loans from group undertakings	(2)	-
Total finance costs	<u>(117)</u>	<u>(198)</u>
Net finance income	<u>21,508</u>	<u>16,663</u>

6 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>2,294</u>	<u>2,294</u>

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

7 Income tax

No tax is recognised on the result in the Statement of Comprehensive Income during the year (2018: £nil) and no tax payable or receivable is recognised in the Statement of Financial Position at 31 December 2019 (2018: £nil).

8 Other non-current receivables

	2019 £	2018 £
Other receivables	<u>181,361</u>	<u>181,361</u>

The non-current receivable is a credit guarantee deposit held by one of the company's vendors. The expected maturity date of the deposit is above 5 years from the balance sheet date.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Other receivables

	31 December 2019	31 December 2018
	£	£
Prepayments	-	303,380
Other receivables	29,699	29,699
Social security and other taxes	200,510	-
Total other receivables	<u>230,209</u>	<u>333,079</u>

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

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk review note.

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

	31 December 2019	31 December 2018
	£	£
At amortised cost		
Customers	<u>29,699</u>	<u>29,699</u>
	<u>29,699</u>	<u>29,699</u>

Receivables from customers are recognised during the normal course of business and include amounts due from group companies.

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

10 Cash and cash equivalents

	31 December 2019	31 December 2018
	£	£
Cash at bank	<u>3,772,683</u>	<u>2,907,155</u>

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

12 Trade and other payables

	31 December 2019	31 December 2018
	£	£
Trade payables	-	43,727
Amounts due to related parties	3,786,414	3,108,375
Social security and other taxes	-	87,193
Other payables	<u>397,833</u>	<u>182,294</u>
	<u>4,184,247</u>	<u>3,421,589</u>

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

The fair value of the trade and other payables classified as financial instruments are disclosed below.

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

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note No. 13 "Financial risk management and impairment of financial assets".

	31 December 2019	31 December 2018
	£	£
Trade and other payables at fair value - Suppliers	<u>3,786,414</u>	<u>3,152,102</u>

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

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13 Financial risk management and impairment of financial assets

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

Credit risk and
Liquidity risk.

The company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. 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. The company is part of the Ørsted Group and Iberdrola Group which has a centrally managed risk management policies. Further details of this policy and how it is managed is included in the most recent Annual report and financial statements of the Ørsted Group and Iberdrola Group.

1. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. The Company is exposed to credit risk from its its financing activities.

This risk is mitigated by the strong on-going partner relationships and credit rating. The bulk composition of counterparties are the partners and the associated risk of default is low.

No receivables were past due and impaired at 31 December 2019 and 31 December 2018

2. Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows do not cover all the financial obligations, the company has credit facilities available from its shareholders.

Capital risk management

Capital components

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

14 Events after the reporting period

On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak of COVID-19 a “Public Health Emergency of International Concern”.

The consequence of COVID-19, where many governments have decided to “close down countries” will have a significant impact on the world economy.

Management has assessed the consequence of COVID-19 as a non-adjusting event but has decided to disclose assessment of impact.

This event, in management’s opinion, do not provide evidence of conditions that have direct impact on company’s business operations, assets and liabilities.

15 Related party transactions

	Parent company (SPWODS)	Parent company (OWODS)	Parent company (SPWODS)	Parent company (OWODS)
	2019	2019	2018	2018
	£	£	£	£
Transactions				
Sales and rendering of services	11,739,094	11,739,094	10,133,510	10,133,510
Balance outstanding at balance sheet date				
Trade and other receivables	-	-	-	-
Trade and other payables	1,892,984	1,892,984	1,553,726	1,553,726

ScottishPower Renewables (WODS) Limited (SPWODS) and Orsted West of Duddon Sands (UK) (OWODS) Limited are the immediate parent companies of Morecambe Wind Limited.

Outstanding balances at the year-end are unsecured and interest free.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: £Nil). This assessment is undertaken each financial year.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

16 Parent and ultimate parent undertaking

Morecambe Wind Limited is owned by Orsted West of Duddon Sands (UK) Limited (50%) and Scottishpower Renewables (WODS) Limited (50%).

The companies' ultimate parent companies are Ørsted A/S incorporated in Denmark and Iberdrola S.A incorporated in Spain.

The consolidated financial statements of are available to the public from:

Ørsted A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia
Denmark

Iberdrola S.A.
Torre Iberdrola,
Plaza Euskadi 5
48009 Bilbao
Spain