

Registration number: 05294242

Morecambe Wind Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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Morecambe Wind Limited

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Morecambe Wind Limited

Company Information

Directors	Benjamin Sykes
	Roy Scott
	Jonathan Cole
	Claus Blink
Registered office	5 Howick Place London SW1P 1WG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Morecambe Wind Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

The principal activities of the company are 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's strategy is to act as the legal holder of various rights, consents and the generation license of the West of Duddon Sands Wind Farm.

The company's strategic objectives are:

- Achieving zero accidents and breaches of environmental standards;
- Complying with network transmission code of conduct

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

	Unit	2017	2016
Revenue	£	23,133,312	23,890,863

Principal risks and uncertainties

The principal risk of the business relates to the ability of the company to run its operations in a financially efficient manner, which is mitigated through meeting its business objectives. Non-compliance with statutory and environment obligations is also a principal risk. The Company actively monitors the existing statutory laws and the developments in the industry to ensure compliance.

Approved by the Board on 4/4/2018 and signed on its behalf by:



Benjamin Sykes
Director

Morecambe Wind Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors' of the company

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

Benjamin Sykes

Roy Scott

Jonathan Cole

Claus Blink (appointed 15 November 2017)

Gavin Rooke (resigned 19 April 2017)

Christopher Cunningham (appointed 19 April 2017 and resigned 13 November 2017)

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.

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 the foreseeable future and the preparation of the financial statements on a going concern basis is appropriate.

Financial risk management

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

Directors' liabilities

Directors' indemnity insurance is in place through the company's parent organisations and was in force during the financial year and at the date of the approval of the financial statements.

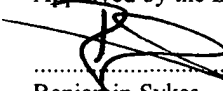
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's 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 auditors

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

Approved by the Board on 4/4/2018 and signed on its behalf by:


Benjamin Sykes
Director

Morecambe Wind Limited

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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International 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 2017 and of its results and cash flows for the year then ended;
- have been properly prepared in accordance with 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, which comprise: the statement of financial position as at 31 December 2017; 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Morecambe Wind Limited

Independent Auditors' Report to the Members of Morecambe Wind Limited

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 Strategic Report and 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 2017 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 Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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.

Morecambe Wind Limited

Independent Auditors' Report to the Members of Morecambe Wind Limited

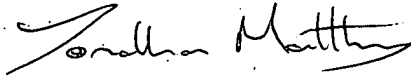
Other required reporting

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, Statutory Auditor

1 Embankment Place
London
WC2N 6RH

Date: 4 April 2018

Morecambe Wind Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue	3	23,133,312	23,890,863
Cost of sales		<u>(23,016,489)</u>	<u>(23,896,484)</u>
Gross profit/(loss)		116,823	(5,621)
Administrative expenses		<u>(122,381)</u>	<u>(1,293)</u>
Operating loss		<u>(5,558)</u>	<u>(6,914)</u>
Finance income	5	5,681	7,057
Finance costs	5	<u>(123)</u>	<u>(143)</u>
Net finance income	5	<u>5,558</u>	<u>6,914</u>
Result before tax		<u>-</u>	<u>-</u>
Result for the year		<u>-</u>	<u>-</u>
Total comprehensive result for the financial year		<u>-</u>	<u>-</u>

The above results were derived from continuing operations.

Morecambe Wind Limited

(Registration number: 05294242)

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Other non-current receivables	8	181,361	181,361
Current assets			
Trade and other receivables	9	41,497	29,421
Cash and cash equivalents	10	<u>2,841,678</u>	<u>3,861,317</u>
		<u>2,883,175</u>	<u>3,890,738</u>
Total assets		<u>3,064,536</u>	<u>4,072,099</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>(3,064,530)</u>	<u>(4,072,093)</u>
Total equity and liabilities		<u>(3,064,536)</u>	<u>(4,072,099)</u>

Approved by the Board of directors on 4/4/2018 and signed on its behalf by:



 Benjamin Sykes
 Director

Morecambe Wind Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Total £
At 1 January 2017	6	6
At 31 December 2017	<u>6</u>	<u>6</u>
	Share capital £	Total £
At 1 January 2016	6	6
At 31 December 2016	<u>6</u>	<u>6</u>

Morecambe Wind Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Result before tax		-	-
Adjustments to cash flows			
Finance income	5	(5,681)	(7,057)
Finance costs	5	<u>123</u>	<u>143</u>
		(5,558)	(6,914)
Working capital adjustments			
(Increase)/decrease in trade and other receivables	9	(12,076)	17,616
(Decrease)/increase in trade and other payables	12	<u>(1,007,563)</u>	<u>1,069,774</u>
Net cash flow used in/generated from operating activities		(1,025,197)	1,080,476
Cash flows from investing activities			
Interest received	5	5,681	7,057
Cash flows from financing activities			
Interest paid	5	<u>(123)</u>	<u>(143)</u>
Net (decrease)/increase in cash and cash equivalents		(1,019,639)	1,087,390
Cash and cash equivalents at 1 January		<u>3,861,317</u>	<u>2,773,927</u>
Cash and cash equivalents at 31 December		<u><u>2,841,678</u></u>	<u><u>3,861,317</u></u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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

SW1P 1WG

United Kingdom

2 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and 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 both the functional and presentation currency.

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

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 the foreseeable future and the preparation of the financial statements on a going concern basis is appropriate.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2017 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company financial statements in future:

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

IFRS 9, 'Financial instruments'

The number of categories of financial assets is reduced to three: amortised cost, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehensive income. In addition, IFRS 9 includes simplified provisions concerning the possibility of using hedge accounting. In future, companies will only be required to perform efficiency tests and prepare a statement on the actual efficiency.

IFRS 15, 'Revenue from contracts with customers'

In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a company to a customer at the time of the sale.

IFRS 16, 'Leases'

The new standard changes the accounting treatment of leases which are currently treated as operating leases. The standard requires that all leases, regardless of type and with few exceptions, must be recognised in the lessee's balance sheet as an asset with a related liability. Also, the lessee's income statement will be affected, as the annual lease costs will in future consist of two elements - depreciation and interest expenses - as opposed to now, where the annual costs relating to operating leases are recognised as one amount in other external expenses or in property, plant and equipment in connection with the construction.

General overview of interpretations

The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2017. The company expects to implement the standards and interpretations from their mandatory effective dates. A performed analysis of the revenue streams in the company has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of revenue in the company. The implementation of IFRS 15 is not expected to have any significant impact on the financial statements. The preliminary analysis of the impact of IFRS 9 shows that IFRS 9 is not expected to have any significant impact on the financial statements. An analysis of the effect of implementing IFRS 16 has been started. The implementation of IFRS 16 is not expected to have any significant impact on the financial statements.

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 January 2017 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue

Revenue arises from the recharge of grid transmission costs to the joint owners of West of Duddon Sands Offshore wind farm.

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.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for electricity sales. 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.

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

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial assets and liabilities

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and reward of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. At initial recognition, the company classifies its financial instruments in the following categories:

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2 Accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are initially recognised at the amount expected to be received less, when material, a discount to reduce the amount to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest rate method less a provision for impairment. At each reporting date, the company assesses whether there is objective evidence that a financial asset is impaired. A provision for impairment of loans and 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. The impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The amount of the provision is recognised in the condensed statement of comprehensive income. Impairment losses on financial assets carried at amortised cost are reversed in subsequent financial periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Financial liabilities at amortised 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 include trade and other payables, loans and borrowings including bank overdrafts. 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. 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.

3 Revenue

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

	2017	2016
	£	£
Revenue	<u>23,133,312</u>	<u>23,890,863</u>

All revenue was generated in the UK.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

4 Employees and directors

There were no (2016: nil) employees during the year. The directors received no (2016: £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.

5 Finance income and costs

	2017 £	2016 £
Finance income		
Interest income on bank deposits	5,681	7,057
Finance costs		
Interest on bank overdrafts and borrowings	(123)	(143)
Net finance income	<u>5,558</u>	<u>6,914</u>

6 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>2,294</u>	<u>2,294</u>

7 Income tax

No tax is recognised on the result in the Statement of Comprehensive Income during the year (2016: £nil) and no tax payable or receivable is recognised in the Statement of Financial Position at 31 December 2017 (2016: £nil).

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Other non-current receivables

	2017 £	2016 £
Other non-current 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.

9 Trade and other receivables

	2017 £	2016 £
Other receivables	<u>41,497</u>	<u>29,421</u>
Total current trade and other receivables	<u>41,497</u>	<u>29,421</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 13 "Financial instruments".

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

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

10 Cash and cash equivalents

	31 December 2017 £	31 December 2016 £
Cash at bank	<u>2,841,678</u>	<u>3,861,317</u>

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Share capital

Allotted, called up and fully paid shares

	31 December 2017		31 December 2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

12 Trade and other payables

	2017 £	2016 £
Amounts due to related parties	2,720,786	3,962,043
Other payables	<u>343,744</u>	<u>110,050</u>
	<u>3,064,530</u>	<u>4,072,093</u>

Payables to related parties are unsecured 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 in note 13 "Financial instruments".

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

13 Financial instruments

Financial assets

Loans and receivables

	Carrying value		Fair value	
	2017 £	2016 £	2017 £	2016 £
Cash and cash equivalents	2,841,678	3,861,317	2,841,678	3,861,317
Trade and other receivables	<u>211,061</u>	<u>181,361</u>	<u>211,061</u>	<u>181,361</u>
	<u>3,052,739</u>	<u>4,042,678</u>	<u>3,052,739</u>	<u>4,042,678</u>

Description of instruments

Trade and other receivables include receivables recognised during the normal course of business and amounts due to group companies. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments.

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

13 Financial instruments (continued)

Valuation methods and assumptions

Loans and receivables:

The Company's financial instruments are not measured at fair value. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables approximates their fair value.

The balance consist of current (£29,700) and non-current (£181,361) receivables.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Trade and other payables	<u>(3,064,530)</u>	<u>(4,072,093)</u>	<u>(3,064,530)</u>	<u>(4,072,093)</u>

Description of instruments

Trade and other payables include payables incurred during the normal course of business and amounts owed to group companies.

Valuation methods and assumptions

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

14 Financial risk management and impairment of financial assets

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

Credit risk;
Liquidity risk;

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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

1. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and related Group entities.

This risk is mitigated by the strong on-going customer relationships and credit rating. The bulk composition of trading counterparties are fellow Group and other related party entities and the associated risk of default is low.

An analysis is performed at each reporting date on an individual basis for major counterparties. In addition, a large number of minor receivables are grouped into homogeneous groups and their recoverability is assessed collectively. No receivables were past due and impaired at 31 December 2017 and 31 December 2016.

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.

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. The company is in a position to meet its commitments and obligations as they become due.

Capital risk management

Capital components

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

Capital management

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

Morecambe Wind Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

15 Related party transactions

	Parent company (SPWODS)	Parent company (OWODS)	Parent company (SPWODS)	Parent company (OWODS)
	2017	2017	2016	2016
	£	£	£	£
Transactions				
Sales and rendering of services	10,664,584	10,664,583	11,066,791	11,066,791
Balance outstanding at balance sheet date				
Trade and other receivables	-	-	-	-
Trade and other payables	1,360,393	1,360,393	1,981,021	1,981,022

SPWODS - ScottishPower Renewables (WODS) Limited and Ørsted WODS - Ørsted West of Duddon Sands (UK) 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 2017, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2016: £Nil). This assessment is undertaken each financial year.

16 Parent and ultimate parent undertaking

The ultimate parent companies are Ørsted A/S (50%) incorporated in Denmark and Iberdrola S.A (50%) 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