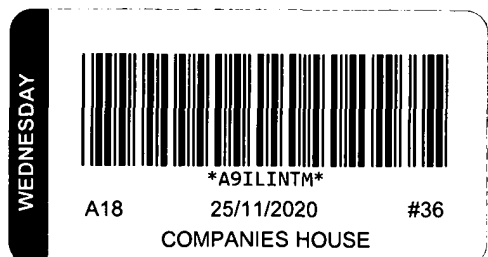


Registration number: 07107382

SMart Wind Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019



SMart Wind Limited

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SMart Wind Limited

Company Information

Directors	Benjamin Sykes Magnus Brogaard Larsen Jens Haase
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

SMart Wind Limited

Directors' Report for the Year Ended 31 December 2019

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

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

Magnus Brogaard Larsen

Jens Haase (appointed 20 February 2019)

Allan Madsen (resigned 19 February 2019)

Principal activities

The principal activity of the company is to develop and construct a wind farm in the North Sea off the coast of England.

Future developments

The Company is expected to keep developing the wind farm.

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.

Dividend

During the year a dividend of £- (2018: £-) was paid. The directors do not recommend a payment of a final dividend (2018: £-).

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.

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has considered all available information about the future, which is at least 12 months from the date the financial statements were signed.

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, does not provide evidence of conditions that have direct impact on the 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.

SMart Wind Limited

Directors' Report for the Year Ended 31 December 2019

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 independent 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 independent auditors are unaware.

Political donations

There were no political donations made or political expenditures incurred by the company during the year (2018: £-).

Statement of directors' responsibilities

The directors are responsible 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 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 apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are 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.

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.

Reappointment of auditors

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

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


Benj Sykes (Nov 19, 2020 10:51 GMT)

Benjamin Sykes
Director

SMart Wind Limited

Independent Auditors' Report to the Members of SMart Wind Limited

Report on the audit of the financial statements

Opinion

In our opinion, SMart 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 profit 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

SMart Wind Limited

Independent Auditors' Report to the Members of SMart 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 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 Statement of directors' responsibilities set out on page 3, 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.

SMart Wind Limited

Independent Auditors' Report to the Members of SMart 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

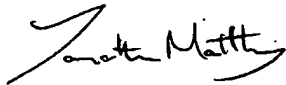
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



.....
Jonathan Matthews (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

19 November 2020

SMart Wind Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cost of sales		-	(220,225)
Administrative expenses		(5,500)	(5,500)
Other gains	6	-	2,205,593
Operating (loss)/profit		(5,500)	1,979,868
Finance income		23,221	82,411
Finance costs		(6,530)	(20,846)
Net finance income	7	16,691	61,565
Profit before tax		11,191	2,041,433
Income tax receipt	8	6,754	103,077
Profit for the year		17,945	2,144,510
Total comprehensive income for the financial year		17,945	2,144,510

The above results were derived from continuing operations.

There were no other comprehensive income or expenses (2018: £nil) during the year.

SMart Wind Limited

(Registration number: 07107382)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Assets			
Current assets			
Trade and other receivables	10	<u>3,154,103</u>	<u>3,302,709</u>
Total assets		<u>3,154,103</u>	<u>3,302,709</u>
Equity and liabilities			
Equity			
Share capital	11	(13)	(12,344,823)
(Retained earnings)/Accumulated losses		<u>(3,148,590)</u>	<u>9,214,165</u>
Total equity		<u>(3,148,603)</u>	<u>(3,130,658)</u>
Current liabilities			
Trade and other payables	12	(5,500)	(169,430)
Income tax liability		<u>-</u>	<u>(2,621)</u>
		<u>(5,500)</u>	<u>(172,051)</u>
Total equity and liabilities		<u>(3,154,103)</u>	<u>(3,302,709)</u>

The financial statements on pages 7 to 24 were approved by the Board on 19 November 2020 and signed on its behalf by:

Benj Sykes

Benj Sykes (Nov 19, 2020 10:51 GMT)

Benjamin Sykes
Director

The notes on pages 11 to 24 form an integral part of these financial statements.

SMart Wind Limited

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

	Share capital £	Accumulated losses/(Retained Earnings) £	Total £
At 1 January 2019	12,344,823	(9,214,165)	3,130,658
Profit for the year and total comprehensive income	-	17,945	17,945
Share capital reduction	(12,344,810)	12,344,810	-
At 31 December 2019	<u>13</u>	<u>3,148,590</u>	<u>3,148,603</u>

	Share capital £	Accumulated losses £	Total £
At 1 January 2018	12,344,823	(11,358,675)	986,148
Profit for the year and total comprehensive income	-	2,144,510	2,144,510
At 31 December 2018	<u>12,344,823</u>	<u>(9,214,165)</u>	<u>3,130,658</u>

The notes on pages 11 to 24 form an integral part of these financial statements.

SMart Wind Limited

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit before tax for the year		11,191	2,041,433
<i>Adjustments to cash flows from non-cash items</i>			
Depreciation		-	220,225
Loss on sale of met mast		-	460,471
Change in decommissioning estimate	6	-	(2,666,063)
Finance income	7	(23,221)	(82,411)
Finance costs	7	6,530	20,846
		(5,500)	(5,499)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	10	148,606	(323,343)
(Decrease)/increase in trade and other payables	12	(163,930)	161,578
Cash used in operations		(20,824)	(167,264)
Income taxes received		4,133	105,698
Net cash flow used in operating activities		(16,691)	(61,566)
Cash flows from investing activities			
Interest received	7	23,221	82,411
Proceeds from sale of met mast		-	1
Net cash flows from investing activities		23,221	82,412
Cash flows from financing activities			
Interest paid	7	(6,530)	(20,846)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

SMart 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
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 (IFRIC) 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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least 12 months from the date the financial statements were signed.

SMart Wind Limited

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

2 Accounting policies (continued)

Implementation of new or changed accounting standards and interpretations

New standards, interpretations and amendments effective

The management regularly assess the impact of new and amended IFRS standards and interpretations. New and amended IFRS standards and interpretations are implemented from their mandatory effective dates at the latest. Effective from 1 January 2019, we have implemented the following new or amended standards (IAS and IFRS) and interpretations:

- IFRS 16 'Leases'.
- Prepayment Features with Negative Compensation - Amendments to IFRS 9
- Long-term interests in Associates and Joint Ventures - Amendments to IAS 28
- Annual improvements to IFRS Standards 2015 - 2017 Cycle
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

The adoption of the new and amended standards have not had a material impact on the entity in the current and prior reporting periods and are not expected to have a material impact in future reporting periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

SMart Wind Limited

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

2 Accounting policies (continued)

Tax

Tax is recognised in profit or loss, except that change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively. Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities.

Deferred tax is measured in accordance with the tax rules and tax rates that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit (loss) for the year.

Property, plant and equipment

Property, plant and equipment is included on the balance sheet at historical cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete.

Depreciation commences at the point of commercial deployment.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Assets under construction (AUC)	Not depreciated

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.

SMart Wind Limited

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

2 Accounting policies (continued)

Receivables' group undertakings relating to cash pooling

The company is a participant in the group cash pooling arrangement of which Ørsted A/S is pool master and legal bank account holder. The company has its own sub-accounts from which all transactions are executed. Balances held by the company under this revised arrangement are disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, Ørsted A/S. Balances under this agreement are interestbearing. Based on the average monthly balance interests are recognised as finance expense either finance income.

Finance income and finance expense

Finance income comprises interest income on receivables' group undertakings relating to cash pooling. Interest income is recognised using the effective interest rate method.

Finance costs comprise the group charges on guarantees granted.

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.

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.

SMart Wind Limited

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

2 Accounting policies (continued)

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 other 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.

SMart Wind Limited

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

2 Accounting policies (continued)

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.

Provisions

General

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the company has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Decommissioning provision

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The increase in time of the present value of the provision is recognised in profit/(loss) for the year as finance expenses.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax

Deferred tax assets, including the tax base of tax loss carry-forwards, are reassessed annually and recognised to the extent that it is probable that they will be utilised in the foreseeable future. Management's reassessment is based on future outlook of the investment plan and expected revenue generation.

4 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>5,500</u>	<u>5,500</u>

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

SMart Wind Limited

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

5 Staff costs

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 are 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.

6 Other gains

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

	2019 £	2018 £
Change in decommissioning estimate	-	2,666,063
Loss on sale of met mast	-	(460,471)
	<u>-</u>	<u>2,205,592</u>

7 Finance income and costs

	2019 £	2018 £
Finance income		
Interest income from group undertakings	23,221	15,026
Other finance income	-	67,385
Total finance income	<u>23,221</u>	<u>82,411</u>
Finance costs		
Other finance cost	(9)	(846)
Guarantee charges from group companies	(6,521)	(20,000)
Total finance costs	<u>(6,530)</u>	<u>(20,846)</u>
Net finance income	<u>16,691</u>	<u>61,565</u>

SMart Wind Limited

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

8 Income tax receipt

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	-	6,754
UK corporation tax adjustment to prior periods	(6,754)	(109,831)
	<u>(6,754)</u>	<u>(103,077)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>11,191</u>	<u>2,041,433</u>
Corporation tax at standard rate	2,126	387,872
Increase from effect of expenses not deductible in determining taxable profit	-	(377,219)
Tax decrease from utilisation of tax losses	(2,126)	(3,899)
Deferred tax credit from unrecognised temporary difference from a prior period	(6,754)	(109,831)
Total tax benefit	<u>(6,754)</u>	<u>(103,077)</u>

Factors that might affect future tax charges:

The main rate of corporation tax in the year was 19%. The UK government announced on 11 March 2020 that the rate will be maintained at 19% rather than reduced to 17% from 1 April 2020. The legislation was introduced in Finance Bill 2020, which was yet to be substantively enacted at the balance sheet date.

The company has surplus tax losses of £5,369,259 at 31 December 2019 (2018: £5,415,517). No deferred tax asset has been recognised in relation to these losses.

SMart Wind Limited

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

9 Property, plant and equipment

	Decommissioning assets £	Total £
Cost		
At 1 January 2018	2,666,063	2,666,063
Disposals	<u>(2,666,063)</u>	<u>(2,666,063)</u>
At 31 December 2018	-	-
At 1 January 2019	-	-
At 31 December 2019	-	-
Accumulated depreciation		
At 1 January 2018	1,985,366	1,985,366
Charge for year	220,225	220,225
Eliminated on disposal	<u>(2,205,591)</u>	<u>(2,205,591)</u>
At 31 December 2018	-	-
At 1 January 2019	-	-
At 31 December 2019	-	-
Carrying amount		
At 31 December 2019	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>

The depreciation charge for the year of £- (2018 - £220,225) is included in cost of sales.

The met mast asset recognised at £nil in 2017 was sold during 2018 for £1. hence the decommissioning asset relating to the met mast has been disposed through Statement of comprehensive income

10 Trade and other receivables

	31 December 2019 £	31 December 2018 £
Receivables from related parties	3,154,103	3,146,579
Other receivables	<u>-</u>	<u>156,130</u>
	<u>3,154,103</u>	<u>3,302,709</u>

SMart Wind Limited

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

10 Trade and other receivables (continued)

Receivables from related parties are unsecured, interest free(excluding group undertakings relating to cash pooling) and have no fixed date of repayment and are repayable on demand.

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 13 "Financial risk management and impairment of financial assets".

	31 December 2019 £	31 December 2018 £
At amortised cost		
Receivables from related parties	<u>3,154,103</u>	<u>3,146,579</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.

11 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary shares of £0.13 each	<u>100</u>	<u>13.00</u>	<u>94,960,176</u>	<u>12,344,822.88</u>

During the year ended 31 December 2019 the company implemented a capital reduction for 94,960,076 ordinary shares of £0.13 each for an aggregate nominal value of £12,344,810.

SMart Wind Limited

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

12 Trade and other payables

	31 December 2019 £	31 December 2018 £
Amounts due to related parties	-	163,930
Other payables	5,500	5,500
	<u>5,500</u>	<u>169,430</u>

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

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 13 "Financial risk management and impairment of financial assets".

	31 December 2019 £	31 December 2018 £
Trade and payables- Suppliers	-	163,930

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.

SMart 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 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.

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 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.

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.

All of the financial liabilities are due within 1 year from reporting date.

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 adjust the amount of dividends paid to the shareholder, return capital to the shareholder or issue new shares.

SMart Wind Limited

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

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

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.

14 Related party transactions

	Other Orsted Group companies	Other Orsted Group companies
	2019	2018
	£	£
Transactions		
Finance income	23,221	15,026
Finance expense	6,521	20,000
Balance outstanding at balance sheet date		
Trade and other receivables	3,154,103	3,146,579
Trade and other payables	-	163,930

15 Non adjusting events after the financial 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, does not provide evidence of conditions that have direct impact on the company's business operations, assets and liabilities.

SMart Wind Limited

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

16 Parent and ultimate parent undertaking

The immediate parent of the company is Ørsted Power (UK) Limited, a company incorporated in England and Wales.

The ultimate parent company is Ørsted A/S, incorporated in Denmark. The Danish State currently holds 50% of the share capital of Ørsted A/S (2018: 50%) and therefore the company considers the Danish Ministry of Finance the ultimate controlling party. The smallest and largest group in which the results of the company are consolidated are those headed by Ørsted A/S.

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

Ørsted A/S
Kraftværksvej, 53
Skærbæk
7000 Fredericia
Denmark