Registration number: 07107382

SMart Wind Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

SMart Wind Limited

Contents

SMart Wind Limited

Company Information

Directors	Benjamin Sykes Magnus Brogaard Larsen Jens Haase
Registered office	5 Howick Place London SW1P 1WG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

SMart Wind Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

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

Allan Madsen (resigned 19 February 2019)

The following director was appointed after the year end:

Jens Haase (appointed 20 February 2019)

Principal activities
The principal activity of the company is to develop and construct a wind farm.

Dividend
During the year a dividend of £nil was paid (2017: £nil). The directors do not recommend a payment of a final dividend (2017: £nil).

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 Financial risk management and impairment of financial assets.

Brexit
Brexit is not in itself part of the company's risks, as the UK's decision to leave the EU will not, in the management's opinion, result in fundamental changes in the UK's energy policy. Recent 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. Management have analysed a number of Brexit scenarios and believe that even if a deal is not reached between the UK and the EU, and there is a disruption to the flow of goods between the UK and the EU, trade and customs activities will still function in the medium term.

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 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.

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.

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.

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.

Reappointment of auditors

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

Small companies provision statement

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

Approved by the Board on 25/5/2019 and signed on its behalf by:

....

Benjamin Sykes
Director

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 2018 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 2018; 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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 2018 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 2-3, 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.

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.

SMart Wind Limited

Independent Auditors' Report to the Members of SMart Wind Limited

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.

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Jonathan Matthews
For and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH

Date: 23/05/2019

SMart Wind Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Revenue		-	-
Cost of sales		(220,225)	(680,696)
Gross loss		(220,225)	(680,696)
Administrative expenses		(5,500)	(5,706)
Other gains	6	2,205,593	-
Operating profit/(loss)		1,979,868	(686,402)
Finance income	7	82,411	5,802
Finance costs	7	(20,846)	(21,566)
Net finance income/(cost)	7	61,565	(15,764)
Profit/(loss) before tax		2,041,433	(702,166)
Income tax	8	103,077	-
Profit/(loss) for the year		2,144,510	(702,166)
Total comprehensive income/(expense) for the financial year		2,144,510	(702,166)

The above results were derived from continuing operations.

There are no other comprehensive income /expense during the year.

SMart Wind Limited

(Registration number: 07107382)
Statement of Financial Position as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	9	-	680,697
Current assets			
Trade and other receivables	10	3,302,709	2,979,366
Total assets		3,302,709	3,660,063
Equity and liabilities			
Equity			
Share capital	11	(12,344,823)	(12,344,823)
Accumulated losses		9,214,165	11,358,675
Total equity		(3,130,658)	(986,148)
Non-current liabilities			
Provisions	12	-	(2,666,063)
Current liabilities			
Trade and other payables	13	(169,430)	(7,852)
Income tax liability		(2,621)	-
		(172,051)	(7,852)
Total liabilities		(172,051)	(2,673,915)
Total equity and liabilities		(3,302,709)	(3,660,063)

The financial statements on pages 7 to 25 were approved by the Board on 23/5/2019 and signed on its behalf by:

....
Benjamin Sykes
Director

SMart Wind Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

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

	Share capital £	Accumulated losses £	Total £
At 1 January 2017	12,344,823	(10,656,509)	1,688,314
Loss for the year	-	(702,166)	(702,166)
Total comprehensive income	-	(702,166)	(702,166)
At 31 December 2017	12,344,823	(11,358,675)	986,148

The notes on pages 11 to 25 form an integral part of these financial statements.

SMart Wind Limited

Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit/(loss) before tax		2,041,433	(702,166)
Adjustments to cash flows from non-cash items			
Depreciation	9	220,225	680,697
Loss on sale of met mast	6	460,471	-
Change in decommissioning estimate	6	(2,666,063)	-
Finance income	7	(82,411)	(5,802)
Finance costs	7	20,846	21,566
		(5,499)	(5,705)
Working capital adjustments			
(Increase)/decrease in trade and other receivables	10	(323,343)	22,671
Increase/(decrease) in trade and other payables	13	161,578	(1,202)
Cash (used in)/generated from operations		(167,264)	15,764
Group tax received	8	105,698	-
Net cash flow (used in)/generated from operating activities		(61,566)	15,764
Cash flows generated from investing activities			
Interest received	7	82,411	5,802
Proceeds from sale of met mast	9	1	-
Net cash flows generated from investing activities		82,412	5,802
Cash flows from financing activities			
Interest paid	7	(20,846)	(21,566)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 11 to 25 form an integral part of these financial statements.

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 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 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.

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective
Management regularly assess the effect of new IFRS accounting standards and interpretations and implement new accounting standards and interpretations from their mandatory effective dates at the latest.

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers

IFRS 9, 'Financial instruments'
The number of categories of financial assets is reduced to three: amortised cost, fair value through profit or loss 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.

The adoption of IFRS 9 has not had any significant impact on recognition and measurement of financial instruments in the financial statements for 2018.

Comparative figures are not restated as the effect is immaterial.

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.

The change in policy does not affect the company's cash flows or results, but the timing of when income and costs are recognised in the financial statements only.

The adoption of IFRS 15 has not had any significant impact on recognition and measurement of revenue in the financial statements for 2018.

Comparative figures are not restated as there is no impact.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements in the prior period and is not expected to affect the current or future periods.

General overview of interpretations
None of the other standards, interpretations and amendments which are effective for periods beginning after 1 January 2018 and which have not been adopted early, are expected to have a material effect on the financial statements.

2 Accounting policies (continued)

Tax

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 in the balance sheet at historical cost, less accumulated depreciation and 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 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.

Borrowing costs relating to both specific and general borrowing directly attributable to qualifying assets under construction with a lengthy construction period are recognised in cost during the construction period. Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Company from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit (loss) for the year. All other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Decommissioning asset	Straight line method over 4 years

Receivables' group undertakings relating to cash pooling

The company is a participant in the group cash pooling arrangement of which Orsted 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, Orsted A/S.

2 Accounting policies (continued)

Provisions

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 decommissioning asset is amortised on a straight-line basis over the useful economic life. The increase in time of the present value of the provision is recognised in profit (loss) for the year as finance expenses.

Share capital

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.

2 Accounting policies (continued)

Financial assets and liabilities
On 1 January 2018, we adopted a new accounting standard, IFRS 9 - Financial Instruments.

Classification
The most important changes resulting from IFRS 9 compared to IAS 39 are:

1. Simplification of the requirements for hedge accounting. For instance, hedge accounting will be facilitated for proxy hedging strategies, which are often used to hedge risks in the energy markets.

2. The number of categories of financial assets is reduced from four to three:
- amortised cost,
- fair value through statement of comprehensive income and
- fair value through other comprehensive income

Until 31 December 2017, the Company classifies its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The company only has financial assets classified as loans and receivables as at 31 December 2017.

3. A loss allowance for expected credit losses must be recognised at initial recognition of a receivables. Previously a loss allowance could only be recognised if there was objective evidence of impairment.

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.

2 Accounting policies (continued)

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.

The company only has financial liabilities classified as other financial liabilities at amortized cost as at 31 December 2018 and 2017.

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.

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.

Decommissioning Provisions

Estimates of decommissioning obligations are based on management's expectations concerning timing and scope, future cost level, and adopted laws and regulations on decommissioning. The timing of decommissioning obligations depends on the useful lives of the assets. The extent to which decommissioning and restoration will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning the general price trend, demand conditions and the development in existing technologies.

4 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	5,500	206

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

5 Staff costs

There were no (2017: nil) employees during the year. The directors received no (2017: £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:

	2018 £	2017 £
Change in decommissioning estimate	2,666,063	-
Loss on sale of met mast	(460,471)	-
	2,205,592	-

During the year the company sold its met mast including the decommissioning provision to another Group company for £1.

7 Finance income and costs

	2018 £	2017 £
Finance income		
Interest income from group undertakings	15,026	5,802
Other finance income	67,385	-
Total finance income	82,411	5,802
Finance costs		
Other finance cost	(846)	(5)
Guarantee charges from group undertakings	(20,000)	(21,619)
Foreign exchange gains	-	58
Total finance costs	(20,846)	(21,566)
Net finance income/(costs)	61,565	(15,764)

8 Income tax

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	6,754	-
Adjustments for UK corporation tax of prior periods	(109,831)	-
	(103,077)	-

8 Income tax (continued)

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit/(loss) before tax	2,041,433	(702,166)
Corporation tax at standard rate	387,872	(135,167)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	(377,219)	-
Tax decrease from utilisation of tax losses	(3,899)	-
Unrecognised tax loss carried forward	-	135,167
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(109,831)	-
Total tax benefit	(103,077)	-

Factors that might affect future tax charges:

The main rate of UK corporation tax for the period was 19%. The rate will reduce to 17% from 1 April 2020. These changes have been enacted at the reporting date.

The company has surplus tax losses of £5,415,517 at 31 December 2018 (2017: £7,934,192). No deferred tax asset has been recognised in relation to these losses.

9 Property, plant and equipment

	Decommissioning asset £	Total £
Cost		
At 1 January 2017	2,666,063	2,666,063
At 31 December 2017	2,666,063	2,666,063
At 1 January 2018	2,666,063	2,666,063
Disposals	(2,666,063)	(2,666,063)
At 31 December 2018	-	-
Accumulated depreciation		
At 1 January 2017	1,304,669	1,304,669
Charge for year	680,697	680,697
At 31 December 2017	1,985,366	1,985,366
At 1 January 2018	1,985,366	1,985,366
Charge for the year	220,225	220,225
Disposal in depreciation	(2,205,591)	(2,205,591)
At 31 December 2018	-	-
Carrying amount		
At 31 December 2017	680,697	680,697
At 31 December 2018	-	-

The depreciation charge for the year of £220,225 (2017 - £680,697) 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

	2018 £	2017 £
Receivables from related parties	3,146,579	2,979,366
Other receivables	156,130	-
Total current trade and other receivables	3,302,709	2,979,366

Receivables from related parties are unsecured, interest free and have no fixed date of repayment and are repayable on demand. Only receivables under the cash pooling arrangement during the year has been charged interest.

The carrying value of trade and other receivables classified as financial assets at amortised costs are disclosed in the table below. The company only has financial assets classified as loans and receivables as at 31 December 2017. There has been no changes in recognition and measurement compared with 31 December 2017.

	31 December 2018 £	31 December 2017 £
At amortised cost		
Customers	3,146,579	2,979,366

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

The Company's financial instruments are measured at amortised cost. The fair value of financial instruments measured at amortised cost is identical to the carrying amount due to their short-term nature.

11 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.13 each	94,960,176	12,344,823	94,960,176	12,344,823

12 Provisions

	Decommissioning £	Total £
At 1 January 2018	2,666,063	2,666,063
Charged to statement of comprehensive income	(2,666,063)	(2,666,063)
At 31 December 2018	-	-

The decommissioning provision in relation to the met mast has been released to the Statement of Comprehensive Income as the provision was included in the sale of the met mast asset.

	Decommissioning £	Total £
At 1 January 2017	2,666,063	2,666,063
At 31 December 2017	2,666,063	2,666,063

13 Trade and other payables

	2018 £	2017 £
Amounts due to related parties	163,930	2,301
Social security and other taxes	-	51
Other payables	5,500	5,500
	169,430	7,852

Payables to related parties are unsecured and have no fixed date of repayment and are repayable on demand.

The company's exposure to market and liquidity risks related to trade and other payables is disclosed in note 13 "Financial risk management and impairment of financial assets".

The fair value of trade and other payables classified as other financial liabilities at amortized cost are disclosed in the table below. The company only has financial liabilities classified as other financial liabilities at amortized cost as at 31 December 2017. There has been no changes in recognition and measurement at fair value compared with 31 December 2017.

	31 December 2018 £	31 December 2017 £
Trade and other payables at amortised cost - Suppliers	163,930	2,301

13 Trade and other payables (continued)

Payables to suppliers 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 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
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 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 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 homogenous 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.

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

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

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.

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.

15 Related party transactions

	Other Orsted Group companies 2018 £
Transactions	
Finance income	15,026
Finance expense	20,000
Balance outstanding at balance sheet date	
Trade and other receivables	3,146,579
Trade and other payables	163,930

15 Related party transactions (continued)

	Other Orsted Group companies 2017 £
Transactions	
Finance income	5,802
Finance expense	20,000
Balance outstanding at balance sheet date	
Trade and other receivables	2,979,366
Trade and other payables	6,011

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 (2017: 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