

Registration number: 07107382

# SMart Wind Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



## **SMart Wind Limited**

### **Contents**

Company Information	1
Directors' Report	2 to 3
Independent Auditors' Report	4 to 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 24

## **SMart Wind Limited**

### **Company Information**

<b>Directors</b>	Benjamin Sykes Jens Haase Duncan Guy Clark
<b>Registered office</b>	5 Howick Place London England SW1P 1WG
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London England WC2N 6RH

## **SMart Wind Limited**

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

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

#### **Incorporation**

The company was incorporated in England on 17 December 2009 as a private company limited by shares under the Companies Act 2006. The address of its registered office is 5 Howick Place, London, England, SW1P 1WG.

As at 31 December 2022, the company was owned by Orsted Power (UK) Limited (100%).

As at 31 December 2021, the company was owned by Orsted Power (UK) Limited (100%).

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

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

Benjamin Sykes

Jens Haase

Duncan Guy Clark

#### **Principal activities**

The principal activity of the company is to act as a service and administration company for entities in the Hornsea 3 and 4 zone.

#### **Result for the year**

The company's net result for the current financial year was a profit of £35,716 (2021: loss £7,154) moved to retained earnings.

#### **Dividend**

During the year no dividend (2021: £-) was paid. The directors do not recommend a payment of a final dividend (2021: £-).

#### **Financial instruments**

The company's activities are exposed to a variety of financial risks; market risk, credit risk and liquidity risk. Further information on financial risk management is in note 12 Financial risk management and impairment of financial assets.

#### **Future developments**

The company will continue to service entities in the Hornsea 3 and 4 zone.

#### **Climate change**

The physical and transitional risks of climate change have been considered for their impact on the company and the financial statements, including forward looking estimates, and determined not to be material.

#### **Political donations**

During the year the company made no political donations and no individual donations to UK or non-UK political parties (2021: £-).

#### **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 of approval of the financial statements.

## **SMart Wind Limited**

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

#### **Directors' liabilities**

The company has in effect qualifying 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.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable the UK-adopted international accounting standards 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Reappointment of independent auditors**

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

Approved by the Board and signed on its behalf by:



Benjamin Sykes  
Director

Date Sep 20, 2023

# 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 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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, 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**

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the regulation of the renewable energy industry in the UK including those associated with health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in the assessment of accounting estimates. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- enquiry of management around actual and potential litigation and claims or fraud and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations; and
- challenging assumptions and judgements made by management in its significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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.



## SMart 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 obtained 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.



Alexander Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20 September 2023

# **SMart Wind Limited**

## **Statement of Comprehensive Income for the Year Ended 31 December 2022**

	Note	2022 £	2021 £
Administrative expenses		<u>(6,440)</u>	<u>(6,040)</u>
Operating loss		<u>(6,440)</u>	<u>(6,040)</u>
Finance income	4	40,836	-
Finance costs	4	<u>(96)</u>	<u>(1,410)</u>
Net finance income/(costs)	4	<u>40,740</u>	<u>(1,410)</u>
Profit/(loss) before tax		34,300	(7,450)
Income tax credit	7	<u>1,416</u>	<u>296</u>
Profit/(loss) for the financial year		<u>35,716</u>	<u>(7,154)</u>
Total comprehensive income/(expense) for the financial year		<u>35,716</u>	<u>(7,154)</u>

The above results were derived from continuing operations.

There were no other comprehensive income or expenses (2021: £-) during the year.

**SMart Wind Limited**

**(Registration number: 07107382)**

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

	Note	31 December 2022 £	31 December 2021 £
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	8	3,203,537	3,151,930
Income tax asset		<u>1,712</u>	<u>-</u>
		<u>3,205,249</u>	<u>3,151,930</u>
Total assets		<u>3,205,249</u>	<u>3,151,930</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	(13)	(13)
Retained earnings		<u>(3,175,593)</u>	<u>(3,139,877)</u>
Total equity		(3,175,606)	(3,139,890)
<b>Current liabilities</b>			
Trade and other payables	10	<u>(29,643)</u>	<u>(12,040)</u>
Total equity and liabilities		<u>(3,205,249)</u>	<u>(3,151,930)</u>

The financial statements on pages 8 to 24 were approved by the Board of directors and signed on its behalf by:



Benjamin Sykes  
Director

Date Sep 20, 2023

The notes on pages 12 to 24 form an integral part of these financial statements.

# **SMart Wind Limited**

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

	Share capital £	Retained earnings £	Total £
At 1 January 2022	13	3,139,877	3,139,890
Total comprehensive income	-	35,716	35,716
At 31 December 2022	13	3,175,593	3,175,606

	Share capital £	Retained earnings £	Total £
At 1 January 2021	13	3,147,031	3,147,044
Total comprehensive expense	-	(7,154)	(7,154)
At 31 December 2021	13	3,139,877	3,139,890

The notes on pages 12 to 24 form an integral part of these financial statements.

# SMart Wind Limited

## Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax for the year		34,300	(7,450)
<i>Adjustments to cash flows from non - operating items</i>			
Finance income	4	(40,836)	-
Finance costs	4	96	1,410
		(6,440)	(6,040)
Working capital adjustments			
(Increase)/decrease in trade and other receivables	8	(10,771)	6,614
Increase in trade and other payables	10	17,603	540
Cash generated by operations		392	1,114
Income taxes (paid)/received	7	(296)	296
Net cash flow by operating activities		96	1,410
<b>Cash flows from financing activities</b>			
Interest paid	4	(96)	(1,410)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 12 to 24 form an integral part of these financial statements.

## **SMart Wind Limited**

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

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

5 Howick Place

London

England

SW1P 1WG

United Kingdom

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

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

The financial statements have been prepared in accordance with with UK adopted International Accounting Standards (UK IFRS) in conformity with the requirements of the Companies Act 2006, under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with UK 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 of approval of the financial statements.

## SMart Wind Limited

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

#### 2 Accounting policies (continued)

##### Changes in accounting policy

###### 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 2022, we have implemented the following new or amended standards (IAS and IFRS) and interpretations:

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 37 Onerous Contracts- Cost of Fulfilling a Contract

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 2022 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.

##### Finance income and costs

Finance income comprises interest income which is recognised on the basis of the effective interest method.

Finance costs comprise interest expenses which is recognised on the basis of the effective interest method.

##### Tax

Tax expense for the period comprises current and deferred 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.

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

Deferred tax is only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

## **SMart Wind Limited**

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

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

Income tax asset/(liability) includes receivables/(payables) from group companies where group relief/consortium relief has been applied.

#### **Receivables from related parties 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 available for withdrawal/repaid on demand and are disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, Orsted A/S.

#### **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.

#### **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.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

#### **Financial assets and liabilities**

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



## **SMart Wind Limited**

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

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

##### *Financial assets*

Regular 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*

The company has up to three types of material financial assets that are subject to the expected credit loss model:

- trade receivables;
- contract assets; and
- debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

##### *Trade receivables and contract assets*

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract asset credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rate is based on an assessment of the historical rates for default. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## **SMart Wind Limited**

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

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

##### *Debt investments*

We keep our receivables until maturity, and they are therefore measured at amortised cost. All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. These instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost include loans to related parties and other receivables.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Debt investments and other receivables are written off where there is no reasonable expectation of recovery. 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 using the effective interest rate. Impairment losses on debt investments and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### *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. 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 not identified any critical accounting estimates or judgements.

## SMart Wind Limited

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

#### 4 Finance income/(costs)

	2022 £	2021 £
<b>Finance income</b>		
Interest on cash pooling arrangement with group undertakings	40,836	-
<b>Finance costs</b>		
Interest on bank overdrafts and borrowings	(96)	(96)
Interest on loans from group undertakings	-	(1,314)
Total finance costs	<u>(96)</u>	<u>(1,410)</u>
Net finance income/(costs)	<u>40,740</u>	<u>(1,410)</u>

#### 5 Employees and directors

There were no (2021: nil) employees during the year. The directors received no (2021: £nil) emoluments during the year, in respect of their qualifying 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 these directors remuneration for their services to the company.

#### 6 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>6,400</u>	<u>6,000</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 2022

#### 7 Income tax

Tax credited in the income statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax adjustment to prior years	<u>(1,416)</u>	<u>(296)</u>

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

The differences are reconciled below:

	2022 £	2021 £
Profit/(loss) before tax	<u>34,300</u>	<u>(7,450)</u>
Corporation tax at standard rate	6,517	(1,416)
Adjustments in respect of prior years	(1,416)	(296)
Unrecognised tax losses carried forward	<u>(6,517)</u>	<u>1,416</u>
Total tax credit	<u>(1,416)</u>	<u>(296)</u>

Factors that might affect future tax charges:

The main rate of UK corporation tax in the year was 19%. During the year, legislation was enacted to increase the corporation tax rate from 19% to 25% on 1 April 2023.

The company has surplus tax losses of £5,340,555 at 31 December 2022 (2021: £5,376,709). 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 2022

#### 8 Trade and other receivables

	31 December 2022	31 December 2021
	£	£
Current		
Receivables from related parties	3,203,537	3,151,634
Other receivables	-	296
	<u>3,203,537</u>	<u>3,151,930</u>

Receivables from related parties include £3,203,537 (2021: £3,151,634) in relation to the group cash pooling arrangement which has an interest rate of SONIA O/N + 0.05% margin, is unsecured and is 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 12 "Financial risk management and impairment of financial assets".

#### 9 Share capital

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

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary shares of £0.13 each	<u>100</u>	<u>13</u>	<u>100</u>	<u>13</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding-up) rights. They do not confer any rights of redemption.

#### 10 Trade and other payables

	31 December 2022	31 December 2021
	£	£
Amounts due to related parties	23,243	6,040
Other payables	<u>6,400</u>	<u>6,000</u>
	<u>29,643</u>	<u>12,040</u>

The company's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in note 12 Financial risk management and impairment of financial assets.

## SMart Wind Limited

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

#### 11 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the periods ending 31 December was as follows:

	Carrying amount		Fair value	
	2022	2021	2022	2021
	£	£	£	£
<b>Financial assets at amortized cost</b>				
Receivables from related parties	3,203,537	3,151,634	3,203,537	3,151,634
Other receivables	-	296	-	296
<b>Financial liabilities at amortized cost</b>				
Amounts due to related parties	(23,243)	(6,040)	(23,243)	(6,040)
Other payables	(6,400)	(6,000)	(6,400)	(6,000)

#### Receivables from related parties

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as fair value.

Receivables from related parties are unsecured, interest rate of SONIA O/N + 0.05% margin and have no fixed date of repayment and are repayable on demand.

#### Other receivables

Due to the short-term nature of other receivables, their carrying amount is considered to be the same as fair value.

#### Amounts due to related parties

The fair value of amounts due to related parties is considered to be the same as the carrying amount due to its short-term nature.

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

#### Other payables

Due to the short-term nature of other payables, their carrying amount is considered to be the same as fair value.

## **SMart Wind Limited**

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

#### **12 Financial risk management and impairment of financial assets**

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

Market risk  
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.

The company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the company's continuing profitability.

The company's senior management exercise oversight over the management of these risks. Management reviews and agrees policies for managing each of these risks, which are summarised below.

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.

##### **1. Market Risk**

Market risk includes interest risk and foreign exchange risk.

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

Receivables from related parties, which consists of cash pool arrangement are subject to variable interest rates which are currently SONIA O/N plus 0.05% (2021: SONIA O/N plus 0.05%). The carrying amounts of recognized financial assets or liabilities will not change significantly subject to changes in interest rate levels.

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

The company has only limited assets or liabilities in foreign currency. Also, the company has limited sales or purchase transactions in foreign currencies. As a result of this, the company's exposure to foreign exchange rate risks is very limited.

##### **2. Credit risk**

Credit risk arises primarily from credit exposures to receivables from parent and other group companies. No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

## SMart Wind Limited

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

#### 12 Financial risk management and impairment of financial assets (continued)

##### 3. Liquidity risk

The company generates sufficient positive cash flows to service its liabilities and planned development. Surplus cash is declared as dividend or used to pay off existing loans. Capital management is carried out to ensure low risk. Management monitors funding and liquidity and ensures the availability of required liquidity through cash management and committed facilities. It is the company's policy to ensure adequate liquidity to satisfy their obligations to the group companies.

##### Maturity analysis

##### 31 December 2022

A maturity analysis of the interest bearing debt and short-term debt based on undiscounted gross cash flow of principal and interest is reported in the table below:

	Amounts due to related parties	Other payables	Total
	£	£	£
Less than 3 months	23,243	6,400	29,643
	<u>23,243</u>	<u>6,400</u>	<u>29,643</u>

##### 31 December 2021

A maturity analysis of the interest bearing debt and short-term debt based on undiscounted gross cash flow of principal and interest is reported in the table below:

	Amounts due to related parties	Other payables	Total
	£	£	£
Less than 3 months	6,040	6,000	12,040
	<u>6,040</u>	<u>6,000</u>	<u>12,040</u>

##### Capital components

The company defines its capital as equity, as presented in the statement of changes in equity. In order to maintain or adjust the capital structure, the company may return capital to the shareholders 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management monitor and review the broad structure of the company's capital on an on-going basis.

Company's equity at 31 December 2022 amounted to £3,175,606 (2021: £3,139,890).



**SMart Wind Limited**

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

**13 Related party transactions**

	<b>Other Orsted Group companies</b>
	<b>2022</b>
	<b>£</b>
<b>Transactions</b>	
Finance income	40,836
<b>Balance outstanding at balance sheet date</b>	
Trade and other receivables	3,203,537
Trade and other payables	23,243
	<b>Other Orsted Group companies</b>
	<b>2021</b>
	<b>£</b>
<b>Transactions</b>	
Finance income	-
Finance expense	1,313
<b>Balance outstanding at balance sheet date</b>	
Trade and other receivables	3,151,634
Trade and other payables	6,040

## **SMart Wind Limited**

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

#### **14 Parent and ultimate parent undertaking**

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

The Company's ultimate parent company is Orsted A/S, incorporated in Denmark. The Danish State currently holds 50.1% of the share capital of Orsted A/S (2021: 50.1%) 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 Orsted A/S.

Copies of the Orsted A/S consolidated financial statements may be obtained from the Company Secretary at :  
Orsted A/S  
Kraftværksvej 53  
Skærbæk, 7000 Fredericia  
Denmark.