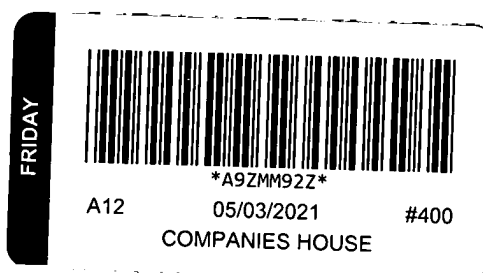


Registration number: 06494525

# Orsted West of Duddon Sands (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **Orsted West of Duddon Sands (UK) Limited**

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## **Orsted West of Duddon Sands (UK) Limited**

### **Company Information**

<b>Directors</b>	Philip Henry de Villiers David Murray Hugh Alistair Yendole
<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

## **Orsted West of Duddon Sands (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019.

#### **Review of the business**

During the year the company continued electricity generation from its offshore site. Commercial generation is expected to continue for the foreseeable future.

The company's strategy is to maximise the lifetime value of the wind farm through active condition monitoring and maintenance to maintain high levels of availability and production. The company has a long-term offtake agreement which provides secure revenues from power sales.

#### **Objectives**

The company's strategic objectives are:

- Achieving zero accidents and breaches of environmental standards;
- Maximising energy production through high levels of availability;
- Maintaining long term asset condition and reliability; and
- Optimising costs.

#### **Principal risks and uncertainties**

The principal risk of the business relates to the ability of the company to run its operations in a financially efficient manner, which is mitigated through meeting its business objectives.

Non-compliance with statutory Health, Safety, and Environment (HSE) obligations is also a principal risk. The company operates a comprehensive HSE management system, and actively monitors its performance in order to identify and implement improvements.

#### **Section 172(1) statement**

The company long-term plan is to generate power revenue as well as ROC (Renewable Energy Certificates) revenue for the life of the wind farm and to decommission the wind farm after the economic life. The directors review this long-term plan, to date no decision have been made to change the long-term plan.

The company does not have any employees. The directors use service providers for all operational activities. The directors ensure that any service provider act in due care towards its employees while working for the company including complying to the company's safety requirements.

The company fosters relationships through the selection of a reliable operations service provider which ensures its customers are supplied with uninterrupted supply of clean electricity during windy days.

The company produces green energy thus having a low carbon impact on the environment, the company has employed a service provider that is committed to operate with a low carbon foot and employs local community members to perform these tasks.

The company has committed to restore the seabed to its original form once the wind farm has reached its economic life.

The company has partnered up with a reputable service providers.

The directors ensure they are compiling with the above by reviewing service providers operations reports, wind farm production numbers and safety site reports.

## Orsted West of Duddon Sands (UK) Limited

### Strategic Report for the Year Ended 31 December 2019

#### Key Performance Indicators and review of the year

The Company measures its performance in line with its strategic objectives. Key performance indicators (KPIs) are used to measure progress against agreed targets for safe, responsible and sustainable operations.

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

	2019	2018
	£	£
Revenue	112,090,623	124,013,239
Profit before taxation	48,803,038	61,426,553
Company's net asset position	285,653,647	243,085,295

The company's key non-financial performance indicator is wind farm availability and the level of safety and environmental cases. The level of availability is achieved by the company monitoring the effectiveness and efficiency of the wind farm on a regular basis. The level of safety and environmental cases are reviewed also by the management on a regular basis. For the current and prior year, the non-financial KPIs were broadly in-line with management's expectation.

Approved by the Board on Mar 3, 2021 and signed on its behalf by:



Philip Henry de Villiers  
Director

## **Orsted West of Duddon Sands (UK) 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:

Philip Henry de Villiers

David Murray

Hugh Alistair Yendole

#### **Principal activities**

The principal activity of the company is the operation of an offshore Wind Farm.

#### **Dividend**

During the year a dividend of £- was paid (2018: £100,000,000). 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.

#### **Events after the reporting period**

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

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

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

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

At the meeting held on 25 August 2020, an interim dividend of £93.7 million was approved.

#### **Future developments**

Commercial generation is expected to continue until the end of the expected economic life of the wind farm, when the assets will be decommissioned.

#### **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.

#### **Political donations**

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

## **Orsted West of Duddon Sands (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2019**

#### **Financial risk**

##### ***Objectives and policies***

The company's operations expose it to a variety of financial risks that include the effects of price risk, liquidity risk, credit risk, cash flow risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company and being part of a larger group with group wide policies and risk management procedures, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

###### **Price risk**

The company enters into contractual arrangements, which guarantee fixed revenue for the output of the wind farm. In addition to this, price risk is mitigated through contractual arrangements, by fixing a large part of the company's costs.

###### **Credit risk**

The company's policy seeks to mitigate its credit risks by systematically credit rating counterparties, by using Standard & Poor's and Moody's ratings, financial standard contracts and by requiring collateral. Management have continuously monitored allocated credit lines.

###### **Liquidity risk**

The company utilises appropriately termed finance, which is designed to ensure the company has sufficient funding available for operations.

###### **Cash flow risk**

The company has long-term debt. The directors will continue to monitor the appropriateness of this arrangement.

#### **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.

## **Orsted West of Duddon Sands (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2019**

#### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 United Kingdom Accounting Standards, comprising FRS 101, 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.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

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

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

Approved by the Board on Mar 3, 2021 and signed on its behalf by:



.....  
Philip Henry de Villiers  
Director



## **Orsted West of Duddon Sands (UK) Limited**

### **Independent Auditors' Report to the Members of Orsted West of Duddon Sands (UK) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Orsted West of Duddon Sands (UK) 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 for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

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

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

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

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Orsted West of Duddon Sands (UK) Limited**

### **Independent Auditors' Report to the Members of Orsted West of Duddon Sands (UK) Limited**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

#### ***Strategic Report and Directors' Report***

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

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Orsted West of Duddon Sands (UK) Limited**

### **Independent Auditors' Report to the Members of Orsted West of Duddon Sands (UK) 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.

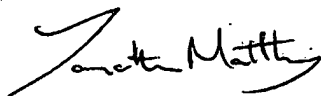
#### **Other required reporting**

##### **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.



Jonathan Matthews (Senior Statutory Auditor)

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

1 Embankment Place  
London  
England  
WC2N 6RH

Date: 3 March 2021

**Orsted West of Duddon Sands (UK) Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2019**

	Note	2019 £	2018 £
Revenue	4	112,090,623	124,013,239
Cost of sales		<u>(42,641,557)</u>	<u>(41,602,193)</u>
Gross profit		69,449,066	82,411,046
Administrative expenses		<u>(14,559,646)</u>	<u>(15,197,829)</u>
Operating profit		<u>54,889,420</u>	<u>67,213,217</u>
Finance income	7	727,695	31,536
Finance expenses	8	<u>(6,814,077)</u>	<u>(5,818,200)</u>
Net finance cost		<u>(6,086,382)</u>	<u>(5,786,664)</u>
Profit before tax		48,803,038	61,426,553
Income tax expense	9	<u>(6,234,686)</u>	<u>(5,831,990)</u>
Profit for the financial year		<u>42,568,352</u>	<u>55,594,563</u>
Total comprehensive income for the year		<u>42,568,352</u>	<u>55,594,563</u>

The above results were derived from continuing operations.

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

**Orsted West of Duddon Sands (UK) Limited**

**(Registration number: 06494525)**

**Statement of Financial Position as at 31 December 2019**

	Note	31 December 2019 £	31 December 2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	436,997,716	454,143,347
Investments	11	<u>3</u>	<u>3</u>
		<u>436,997,719</u>	<u>454,143,350</u>
<b>Current assets</b>			
Trade and other receivables	12	161,666,872	101,775,753
Cash and cash equivalents	13	<u>3,170,106</u>	<u>3,359,177</u>
		<u>164,836,978</u>	<u>105,134,930</u>
Total assets		<u><u>601,834,697</u></u>	<u><u>559,278,280</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	14	(1)	(1)
Other reserves		(7,670,000)	(7,670,000)
Retained earnings		<u>(277,983,646)</u>	<u>(235,415,294)</u>
		<u>(285,653,647)</u>	<u>(243,085,295)</u>
<b>Non-current liabilities</b>			
Long term lease liabilities	17	(9,552,290)	-
Loans and borrowings	16	(240,000,000)	(260,000,000)
Provisions	18	(28,079,200)	(27,218,401)
Deferred tax liabilities	9	<u>(20,088,749)</u>	<u>(15,759,100)</u>
		<u>(297,720,239)</u>	<u>(302,977,501)</u>
<b>Current liabilities</b>			
Current portion of long term lease liabilities	17	(792,064)	-
Trade and other payables	19	(10,448,194)	(7,294,853)
Income tax liability	9	(6,566,313)	(5,266,391)
Provisions	18	<u>(654,240)</u>	<u>(654,240)</u>
		<u>(18,460,811)</u>	<u>(13,215,484)</u>
Total liabilities		<u>(316,181,050)</u>	<u>(316,192,985)</u>
Total equity and liabilities		<u><u>(601,834,697)</u></u>	<u><u>(559,278,280)</u></u>

**Orsted West of Duddon Sands (UK) Limited**

**(Registration number: 06494525)**

**Statement of Financial Position as at 31 December 2019**

The financial statements on pages 10 to 36 were approved by the Board on <sup>Mar 3, 2021</sup> ..... and signed on its behalf by:



.....  
Philip Henry de Villiers  
Director

**Orsted West of Duddon Sands (UK) Limited**

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

	Share capital £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2019	1	7,670,000	235,415,294	243,085,295
Profit for the financial year	-	-	42,568,352	42,568,352
Total comprehensive income	-	-	42,568,352	42,568,352
At 31 December 2019	1	7,670,000	277,983,646	285,653,647

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2018	8,969,784	199,999,800	7,670,000	70,851,148	287,490,732
Profit for the financial year	-	-	-	55,594,563	55,594,563
Total comprehensive income	-	-	-	55,594,563	55,594,563
Dividends	-	-	-	(100,000,000)	(100,000,000)
Share capital reduction	(8,969,783)	(199,999,800)	-	208,969,583	-
At 31 December 2018	1	-	7,670,000	235,415,294	243,085,295

## **Orsted West of Duddon Sands (UK) Limited**

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

#### **1 General information**

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

The address of its registered office is:

5 Howick Place  
London  
England  
SW1P 1WG  
United Kingdom

#### **2 Accounting policies**

##### **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**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The company is a subsidiary of Orsted Power (UK) Limited and it is included in the consolidated financial statements of Orsted A/S, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006 as applicable to companies under FRS 101.



## **Orsted West of Duddon Sands (UK) Limited**

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

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

##### **Summary of disclosure exemptions**

The company has applied FRS 101 Reduced Disclosure Framework, as it meets the requirements of FRS 101.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- No disclosure requirements for Financial Instruments (IFRS 7).
- No disclosure requirements for Fair value measurement (IFRS 13 paragraph 91 to 99).
- Reduced disclosure requirements for Revenue (IFRS 15).
- Reduced disclosure requirements for Leases (IFRS 16).
- No disclosures have to be made in respect of standards in issue not yet effective (IAS 1); general exemption applied by the company.
- There is no requirement to present capital management disclosures (IAS 1); company is not a financial institution thus has applied the exemption.
- No requirement to prepare a cash flow statement (IAS 7); exemption applied; the company has no minority shareholders.
- No need to present comparative reconciliations for share capital or property, plant and equipment or intangible assets (IAS 1; IAS 16 paragraph 73(e); IAS 38 paragraph 118(e)); exemption applied by the company.
- No disclosure is required of related party transactions with and between wholly owned subsidiaries (IAS 24); company has no minority shareholders.

##### **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.

## **Orsted West of Duddon Sands (UK) 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'. See separate section below.
- 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.

Besides the impact from IFRS 16, 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.

## Orsted West of Duddon Sands (UK) Limited

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

#### 2 Accounting policies (continued)

##### Changes resulting from adoption of IFRS 16

On 1 January 2019, company implemented IFRS 16, 'Leases', which replaced IAS 17 and IFRIC 4. The company has implemented the standard based on the modified retrospective method, which grants the relief from restating comparative figures. Therefore, the comparative figures are prepared and presented in accordance with IAS 17 and IFRIC 4.

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

The change in the policy will have an impact on both the balance sheet and the statement of comprehensive income. The impact at 1 January 2019 deviated from the present value of the future minimum lease payments stated in note 18 for the following reasons:

On recognition of lease obligations in the balance sheet at 1 January 2019, the company has applied incremental borrowing rates in the determination of the present value of the lease obligations. At 1 January 2019, the present value of our lease obligations was determined at an interest rate of 3.41%.

The company has calculated and recognised the cumulative effect for all ongoing leases at 1 January 2019.

Furthermore, the company has used the other available reliefs to the widest possible extent, including the exclusion of leases with a term to maturity of less than 12 months and low-value assets.

The company recognised lease liabilities in relation to leases that were classified as 'operating leases' under the principles of IAS 17 - Leases. On transition, an additional £Nil (2018 - £Nil) of right-to-use assets and £Nil (2018 - £Nil) of lease liabilities were recognised with the difference allocated to retained earnings.

	£
Operating lease commitments at 31 December 2018	13,204,000
	<hr/>
	£
Discounted using the lessee's incremental borrowing rate at the date of initial application	10,769,189
Lease liabilities recognised at 1 January 2019	10,769,189
	<hr/>

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 3.41%.

## Orsted West of Duddon Sands (UK) Limited

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

#### 2 Accounting policies (continued)

##### Impact on Statement of Financial Position as at 1 January 2019

	Previous accounting policy as at 31 December 2018 £	Effect of change in accounting policy £	New accounting policy as at 1 January 2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<u>454,143,347</u>	<u>10,769,189</u>	<u>464,912,536</u>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities (non-current)	-	9,185,062	9,185,062
<b>Current liabilities</b>			
Lease liabilities (current)	<u>-</u>	<u>1,584,127</u>	<u>1,584,127</u>
Total lease liabilities	<u>-</u>	<u>10,769,189</u>	<u>10,769,189</u>

## **Orsted West of Duddon Sands (UK) Limited**

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

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

##### **Revenue recognition**

###### *Recognition*

The company earns revenue from the sale of electricity. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

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

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

###### *Fee arrangements*

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

The main performance obligations to customers consist of supply of electricity to the power offtaker through the OFTO (Offshore Transmission Owners) asset and national grid asset network. Due to the nature of power supply the business judgements made in evaluating when control has passed are limited.

Sale of electricity is based on produced modules at market rates and regulated prices (fixed tariffs and guaranteed minimum prices for green certificates), which is recognised at the production date. No warranties are offered on sale of these modules.

###### *Transaction price*

The transaction price of fixed electricity tariffs is determined by the fee specified in the contract for electricity at production date. The transaction price for green certificates is recognised at guaranteed minimum price at production date.

###### *Contract assets and receivables*

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

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional. Offtaker (customer) of power takes all of the power produced by the company on a monthly basis and pays a fixed tariff for power received.

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

## **Orsted West of Duddon Sands (UK) Limited**

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

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

##### *Contract liabilities*

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

##### *Net basis of measurement of contract balances*

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

##### *Impairment of contract related balances*

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

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

##### **Government grants**

In respect to subsidies received under the Renewable Obligation schemes, known as green certificates or Renewable Obligation Certificates (ROCs) company applies IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', under which subsidies are recognised when there is a reasonable assurance that the grant will be received.

##### **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 income statement.

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.

## **Orsted West of Duddon Sands (UK) Limited**

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

#### **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 measured at cost less accumulated depreciation and impairment losses.

The cost of self constructed assets comprises direct and indirect costs of materials, components, sub suppliers and labour. Cost is increased by the present value of the estimated obligations for decommissioning and restoration to the extent that they are recognised as a provision.

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**

In the case of property, plant and equipment, cost is depreciated on a straight-line basis over the estimated future useful lives, which are:

##### **Asset class**

Wind farm

Decommissioning assets

Right of use asset

##### **Depreciation method and rate**

Straight line method over 20 years

Straight line method over 20 years

Straight line method over 16 years

## **Orsted West of Duddon Sands (UK) Limited**

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

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

##### **Investments**

Investments are stated at historical cost less provision for any diminution in value.

Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

##### **Trade receivables**

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

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are held with the objective of collecting the contractual cash flows. The company does not engage in factoring arrangements.

##### **Receivables' group undertakings relating to cash pooling**

The company is a participant in the group cash pooling arrangement of which Ørsted A/S (Formerly DONG Energy 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 (Formerly DONG Energy A/S).

##### **Cash and cash equivalents**

Cash and cash equivalents comprise of company bank account facilities and petty cash.

##### **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.



## **Orsted West of Duddon Sands (UK) Limited**

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

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

##### **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 financial expenses.

###### **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.

###### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Interim dividends are recognized when paid.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the company's financial statements requires management to make judgements, 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 judgements, 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.

## Orsted West of Duddon Sands (UK) Limited

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

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### 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. In determining the discounting of decommissioning obligations at 31 December 2019, a discount rate of 3.5% is applied. The applied discount rate of 3.5% is expected to be applied over a prolonged period. The rate has been estimated on the basis of expectations concerning the future, long-term interest rate level, based on the historical interest rate level. 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 Revenue

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

	2019 £	2018 £
Sale of goods	111,453,725	123,425,936
OFTO revenue	<u>636,898</u>	<u>587,303</u>
	<u>112,090,623</u>	<u>124,013,239</u>

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

Included in sale of goods is revenue from subsidies received under the Renewable Obligation schemes, known as green certificates or Renewable Obligation Certificates (ROCs).

OFTO revenue relates to OFTO Operation and Maintenance (O&M) services 2019: £636,898 (2018: £587,303).

Timing of revenue recognition from customers :

	2019 £	2018 £
Over time	112,090,623	124,013,239

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

- 'Over time' mainly comprises of long-term contracts with customers to deliver of electricity power.

#### 5 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>14,294</u>	<u>13,147</u>

## Orsted West of Duddon Sands (UK) Limited

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

#### 5 Auditors' remuneration (continued)

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

#### 6 Employees and directors

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

The directors appointed by the Orsted Energy group are remunerated by other companies within the Orsted A/S 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.

#### 7 Finance income

	2019 £	2018 £
Interest income on bank deposits	24,431	25,059
Interest on loans to group undertakings	625,540	-
Foreign exchange gains	<u>77,724</u>	<u>6,477</u>
	<u>727,695</u>	<u>31,536</u>

#### 8 Finance expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	184	3,233
Interest expense on group undertakings	5,372,953	4,891,288
Unwinding of discount on decommissioning provision	952,119	923,679
Foreign exchange losses	121,591	-
Interest expense on leases	<u>367,230</u>	<u>-</u>
	<u>6,814,077</u>	<u>5,818,200</u>

## Orsted West of Duddon Sands (UK) Limited

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

#### 9 Income tax expense

Tax charged in the statement of comprehensive income

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax	4,365,345	4,661,280
UK corporation tax adjustment to prior years	<u>(2,460,308)</u>	<u>(6,422,460)</u>
	<u>1,905,037</u>	<u>(1,761,180)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	4,631,578	6,513,410
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(301,929)</u>	<u>1,079,760</u>
Total deferred taxation	<u>4,329,649</u>	<u>7,593,170</u>
Tax expense in the statement of comprehensive income	<u><u>6,234,686</u></u>	<u><u>5,831,990</u></u>

## Orsted West of Duddon Sands (UK) Limited

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

#### 9 Income tax expense (continued)

The tax expense 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>48,803,038</u>	<u>61,426,553</u>
Corporation tax at standard rate	9,272,577	11,671,045
Expenses not deductible for tax purposes	269,238	269,929
Adjustments to tax charge in respect of prior years	(2,762,237)	(5,342,700)
Remeasurement of deferred tax - change in UK tax rate	<u>(544,892)</u>	<u>(766,284)</u>
Total tax charge	<u>6,234,686</u>	<u>5,831,990</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. Therefore deferred taxes at the balance sheet date continue to be measured at the enacted rate of 17%.

## Orsted West of Duddon Sands (UK) Limited

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

#### 9 Income tax expense (continued)

##### Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £	Recognised in income £	31 December 2019 £
Accelerated tax depreciation	(17,397,865)	(4,692,879)	(22,090,744)
Provisions	1,638,765	363,230	2,001,995
Net tax assets/(liabilities)	<u>(15,759,100)</u>	<u>(4,329,649)</u>	<u>(20,088,749)</u>

Deferred tax movement during the prior year:

	At 1 January 2018 £	Recognised in income £	31 December 2018 £
Accelerated tax depreciation	(9,445,005)	(7,952,860)	(17,397,865)
Provisions	1,279,075	359,690	1,638,765
Net tax assets/(liabilities)	<u>(8,165,930)</u>	<u>(7,593,170)</u>	<u>(15,759,100)</u>

## Orsted West of Duddon Sands (UK) Limited

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

#### 10 Property, plant and equipment

	Right of use asset £	Decommissioning assets £	Wind farm £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	-	22,664,660	575,373,378	598,038,038
Additions	-	(114,991)	-	(114,991)
Disposals	-	-	(1,477,735)	(1,477,735)
At 31 December 2018	-	22,549,669	573,895,643	596,445,312
At 1 January 2019	10,769,189	22,549,669	573,895,643	607,214,501
Decrease in decommissioning estimate	-	(91,320)	-	(91,320)
Additions	-	-	2,404,104	2,404,104
At 31 December 2019	10,769,189	22,458,349	576,299,747	609,527,285
<b>Depreciation</b>				
At 1 January 2018	-	3,778,909	108,917,356	112,696,265
Charge for year	-	1,192,142	28,413,558	29,605,700
At 31 December 2018	-	4,971,051	137,330,914	142,301,965
At 1 January 2019	-	4,971,051	137,330,914	142,301,965
Charge for the year	702,338	1,184,529	28,340,737	30,227,604
At 31 December 2019	702,338	6,155,580	165,671,651	172,529,569
<b>Carrying amount</b>				
At 31 December 2019	10,066,851	16,302,769	410,628,096	436,997,716
At 31 December 2018	-	17,578,618	436,564,729	454,143,347

The depreciation charge for the year of £30,227,604 (2018 - £29,605,700) is included in cost of sales.

## Orsted West of Duddon Sands (UK) Limited

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

#### 11 Investments

Subsidiary	£
<b>Cost</b>	
At 1 January 2018	3
At 31 December 2018	3
At 1 January 2019	3
At 31 December 2019	3
<b>Carrying amount</b>	
At 31 December 2019	3
At 31 December 2018	3

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2019	2018
Morecambe Limited	Wind Production and transmission electricity	England and Wales	50%	50%

#### 12 Trade and other receivables

	31 December 2019 £	31 December 2018 £
Trade receivables	2,139,310	67,784
Amounts owed by group undertakings	152,816,901	95,185,505
Prepayments	2,172,186	1,225,968
Other receivables	4,538,475	5,296,496
	<u>161,666,872</u>	<u>101,775,753</u>

Amounts owed by group undertakings are unsecured, interest free (except for the group cash pooling) and have no fixed date of repayment and are repayable on demand.



## Orsted West of Duddon Sands (UK) Limited

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

#### 13 Cash and cash equivalents

	31 December 2019	31 December 2018
	£	£
Cash at bank	<u>3,170,106</u>	<u>3,359,177</u>

#### 14 Called up share capital

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

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary share capital of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

During the year ended 31 December 2018 company implemented a share capital reduction by cancelling and extinguishing 8,969,783 ordinary shares of £1 each and for aggregated nominal value £8,969,783 and reduction in share premium reserve of £199,999,800.

#### 15 Other reserves

Other reserves relates to a capital contribution from the company's immediate parent undertaking in the form of settlement of a liability of the company in relation to wake effect. Wake effect relates to compensation the company has to pay another wind farm due to the wake effect caused by the construction of the company's own wind farm.

#### 16 Loans and borrowings

	31 December 2019	31 December 2018
	£	£
<b>Non-current loans and borrowings</b>		
Other borrowings	<u>240,000,000</u>	<u>260,000,000</u>

Included in loans and borrowings is an unsecured loan of £240,000,000 (2018: £260,000,000) which carries interest at LIBOR plus 1.00% + "LIBOR Floor", which is LIBOR capped at 0.00% (2018: LIBOR plus 1.55%). £ 20,000,000 was repaid during the period. This loan is wholly repayable on 10 January 2025.

## Orsted West of Duddon Sands (UK) Limited

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

#### 17 Leases

##### Lease liabilities

	31 December 2019 £	31 December 2018 £
Current portion of long term lease liabilities	792,064	-
Long term lease liabilities	<u>9,552,290</u>	<u>-</u>

##### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2019 £
Within one year	808,000
In one to five years	3,398,000
In over five years	<u>9,236,000</u>
Total lease liabilities (undiscounted)	<u>13,442,000</u>

##### Operating lease 2018

The total future value of minimum lease payments is as follows:

	31 December 2018 £
Within one year	814,000
In one to five years	3,256,000
In over five years	<u>8,954,000</u>
	<u>13,024,000</u>

## Orsted West of Duddon Sands (UK) Limited

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

#### 18 Provisions

	Decommissioning £	Total £
<b>Non-current liabilities</b>		
At 1 January 2019	27,218,401	27,218,401
Charged to the income statement	860,799	860,799
At 31 December 2019	<u>28,079,200</u>	<u>28,079,200</u>

	Decommissioning £	Total £
At 1 January 2018	26,409,713	26,409,713
Charged to the income statement	923,679	923,679
Change in estimates	(114,991)	(114,991)
At 31 December 2018	<u>27,218,401</u>	<u>27,218,401</u>

The Decommissioning provision has been made under IAS37 for estimated decommissioning costs which are calculated as the present value of estimated decommissioning costs using a discount rate of 3.50% (2018 : 3.50%). Included within fixed assets is an amount of £16,302,769 (2018: £17,578,618) which reflects the company's expectation to recover future decommissioning costs from sales of electricity during 2019 and future years. The decommissioning asset is being depreciated over the expected life of the wind farm.

#### 19 Trade and other payables

	31 December 2019 £	31 December 2018 £
Trade payables	41,107	133,029
Accrued expenses	374,730	422,176
Amounts owed to group undertakings	7,278,868	5,051,980
Other payables	<u>2,753,489</u>	<u>1,687,668</u>
	<u>10,448,194</u>	<u>7,294,853</u>

## **Orsted West of Duddon Sands (UK) Limited**

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

#### **19 Trade and other payables (continued)**

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable in demand.

#### **20 Related undertaking**

The company's related undertakings as at 31 December 2019 and 31 December 2018 are as follows:

<b>Name</b>	<b>Place of incorporation</b>	<b>Place of operation</b>	<b>Nature of business</b>	<b>Type of holding</b>	<b>Ownership interest held by the Company</b>
Morecambe Wind Limited	England & Wales	England & Wales	Production and transmission of electricity	Direct	50%

Registered office:

5 Howick Place

London

England

SW1P 1WG

## Orsted West of Duddon Sands (UK) Limited

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

#### 21 Events after the reporting period

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

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

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

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

At the meeting held on 25 August 2020, an interim dividend of £93.7 million was approved.

#### 22 Related party transactions

	Morecombe Wind Ltd	Scottishpower Renewables (WODS) Ltd
	2019	2019
	£	£
<b>Transactions</b>		
Power sales and rendering of services	667,635	
Purchase and receipt of services	12,413,952	-
Finance cost	8,372	-
<b>Balance outstanding at balance sheet date</b>		
Trade and other receivables	1,953,647	
Trade and other payables	3,846,634	762,243

## **Orsted West of Duddon Sands (UK) Limited**

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

#### **22 Related party transactions (continued)**

	<b>Morecambe Wind Ltd</b>
	<b>2018</b>
	<b>£</b>
<b>Transactions</b>	
Power sales and rendering of services	1,722,357
Purchase and receipt of services	11,996,494
<b>Balance outstanding at balance sheet date</b>	
Trade and other receivables	4,657,555
Trade and other payables	4,467,013

#### **23 Parent and ultimate parent undertaking**

The immediate parent of the company is Orsted Power (UK) Limited incorporated in England and Wales, which owns 100% of the ordinary share capital.

The ultimate parent company is Orsted A/S, incorporated in Denmark. The Danish State currently holds 50% (2018: 50%) of the share capital of Orsted A/S 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.

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

Orsted A/S  
Kraftværksvej 53  
Skærbæk  
7000 Fredericia  
Denmark