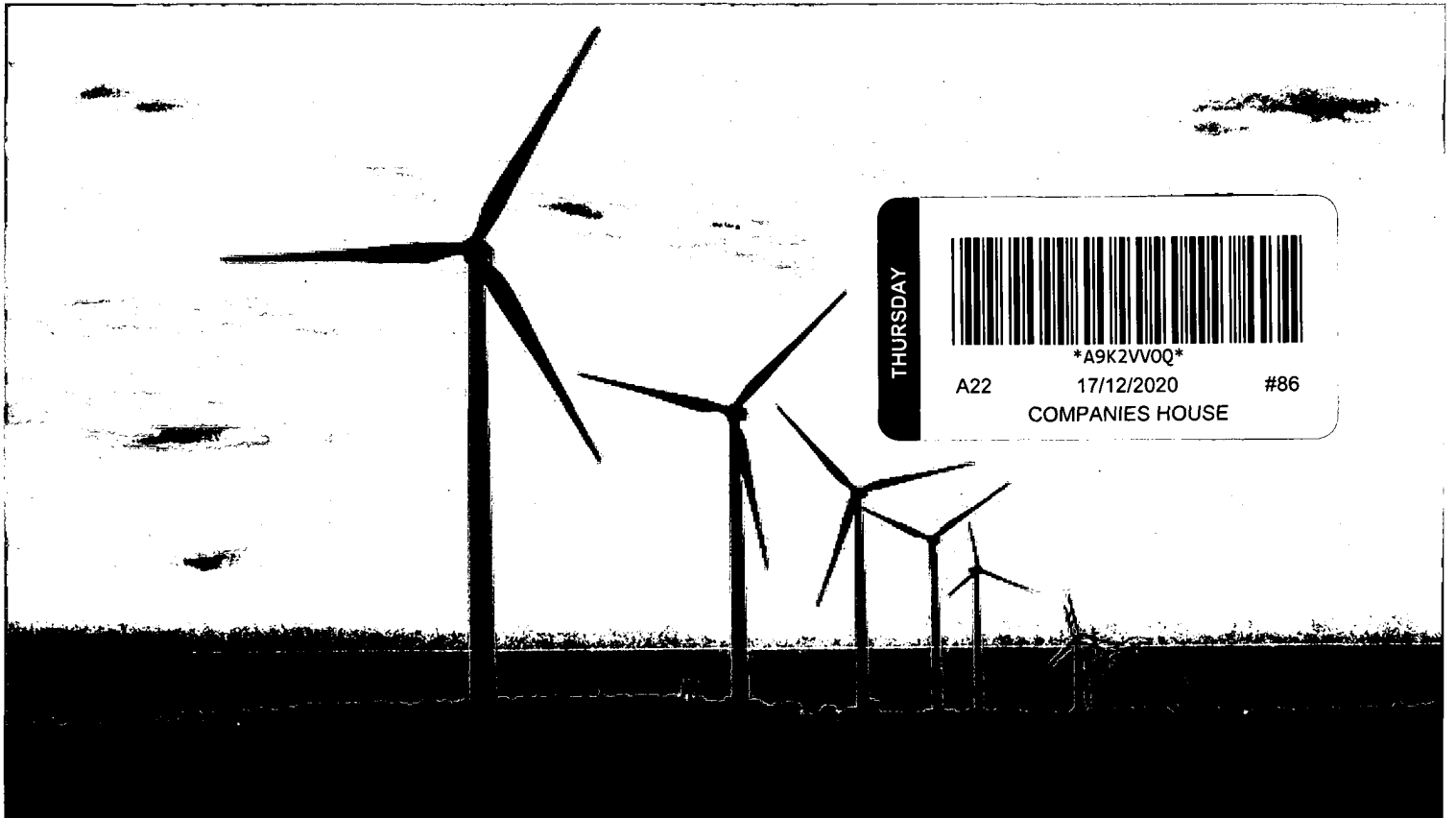
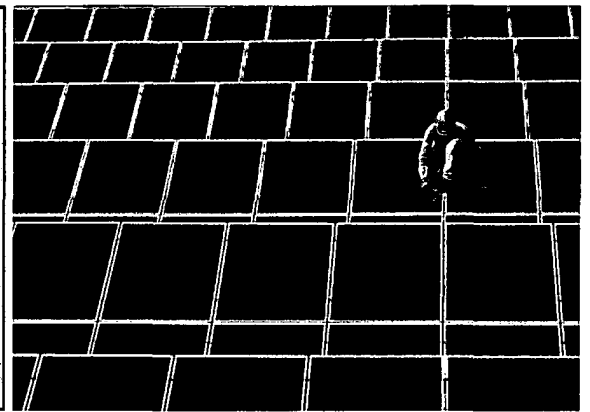
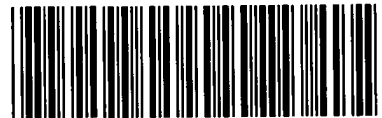


Fern Annual Report and Accounts 2020



THURSDAY



A9K2VV0Q

A22

17/12/2020

#86

COMPANIES HOUSE

1 | OVERVIEW

Group snapshot	3
----------------	---

2 | STRATEGIC REPORT

Chief Executive's review	4
Our business at a glance	8
Our strategy in focus	12
Our business response to Covid-19	15
Directors	17
Principal risks and uncertainties	18

3 | GOVERNANCE

Corporate governance	21
Group finance review	24
Directors' report	28
Independent auditors' report	31

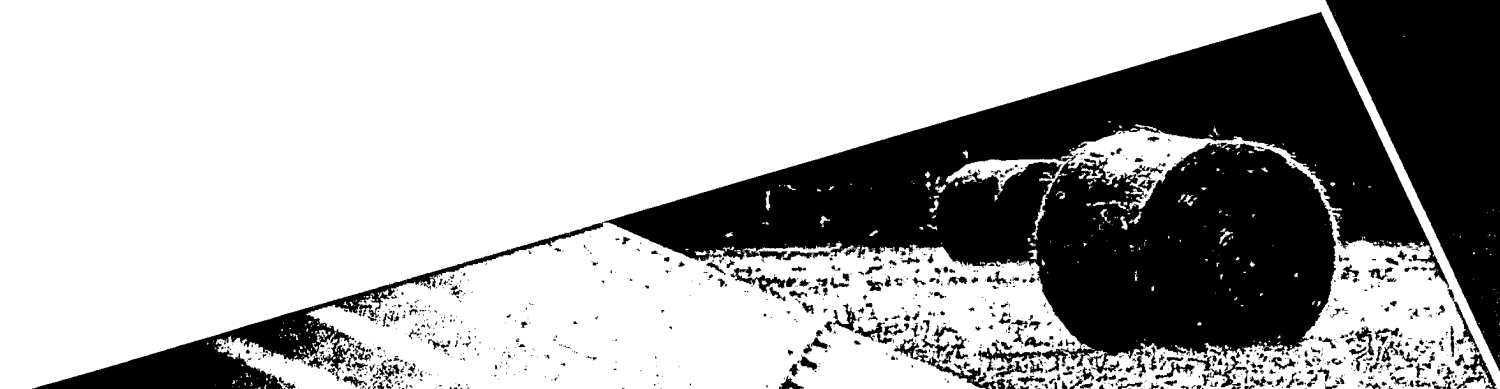
4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group profit and loss account	34
Group balance sheet	35
Company balance sheet	36
Group statement of changes in equity	37
Company statement of changes in equity	38
Group statement of cash flows	39
Statement of accounting policies	40
Notes to the financial statements	50

5 | APPENDIX – SHARE PRICE PERFORMANCE 91

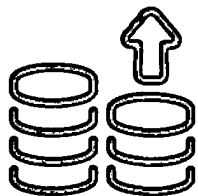
6 | COMPANY INFORMATION

Directors and advisers	92
------------------------	----



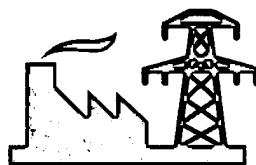
1 | OVERVIEW

Group snapshot



Revenue

Revenue has increased by over 12% in the last 3 years from **£352m** in 2018 to **£395m** in 2020



Carbon offsets

Our renewable energy sites' carbon saving has grown by **19%** over the past 3 years to **1,060,000** carbon tonnes



Energy generation

Our renewable energy assets produce enough energy to fuel **1,100,000** UK homes



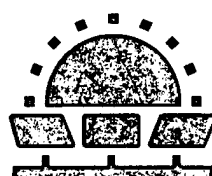
Number of loans

We provide financing to **195** borrowers in the UK



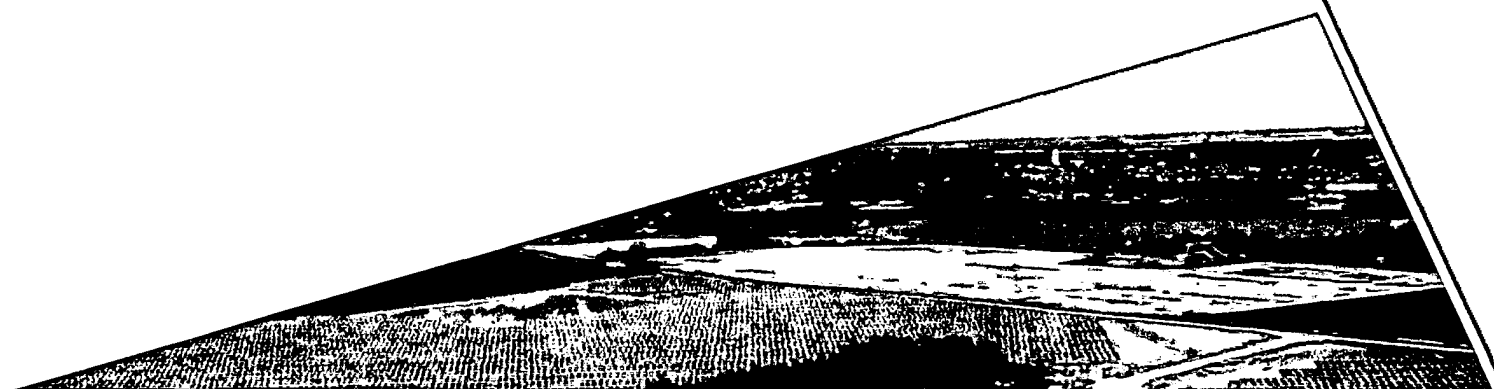
Number of employees

We employ a total of **682** people



Number of sites

We own **216** renewable energy sites spread predominantly across the UK



2 | STRATEGIC REPORT

Chief Executive's review

The lockdown response to Covid-19 has meant that the past twelve months have thrown up some unexpected challenges for most businesses. It has also created some opportunities. At the heart of our business is a strategy designed to retain value in unexpected situations and more difficult trading environments. We target consistent value for shareholders in two ways: by operating a diversified business across multiple sectors, and by selecting sectors that we expect to perform steadily through different economic conditions.

Despite the very unusual times we have found ourselves in, operations continued to perform across the Fern Group, and we are pleased that the value of the Group remained robust. Consistent performance in uncertain economic times is one of the pillars that underpins our Group's strategy. Our share price delivered 0.33% growth over the past twelve months, and although we are slightly behind our target, this reflects our ability to maintain our performance despite the challenges that all businesses are facing at this time. Operational performance was solid across all sectors, however a drop in the long-term energy price forecast reduced growth to below expectations over the reporting period.

We have continued to grow our business, with this year marking a decade since we started to trade. Over that time, our Group has grown to more than 260 companies, each focused on one of the key sectors in which we operate. This scale has enabled us to build a diversified business, with group companies undertaking a range of activities designed to target steady growth over the long term for our shareholders. We also remain a supportive employer, with more than 680 full-time staff across the businesses that we own and operate, and indirect employment provided for hundreds more people via contracts that we have in place. Many of our own staff, in addition to indirect employees, were given key worker status during the Covid-19 lockdowns, allowing us to continue construction and maintain operations.

A reflection on our year

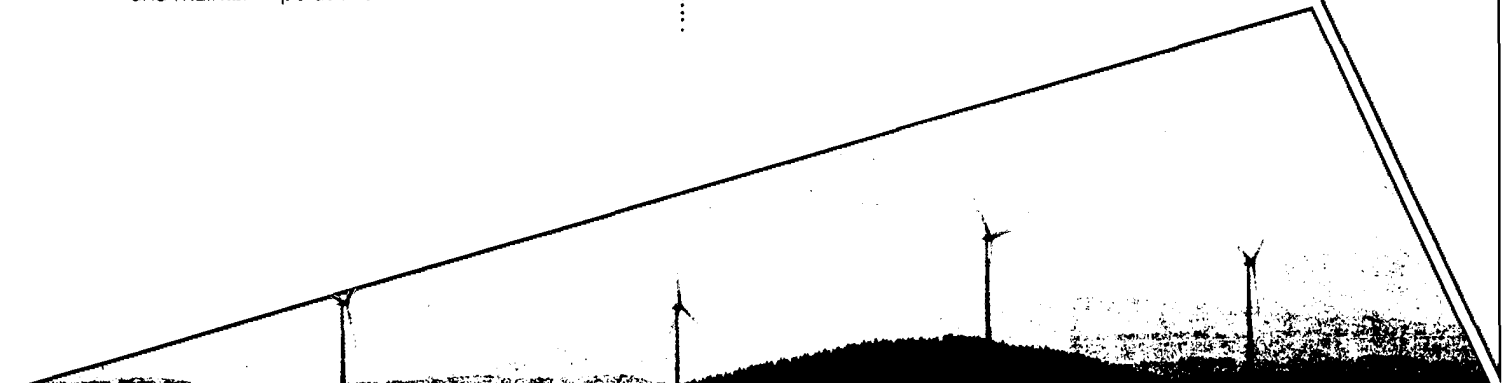
Our business saw stable revenues and growth in deployment during the year, resulting in £395m of revenues across the Group (2019: £394m) and net assets of £1,681m (2019: £1,644m).

Over half of our business is comprised of renewable energy generating assets such as solar energy sites and wind farms, which provide long-term revenue streams. However, they can still be impacted by changes in pricing and demand. We have seen a fall in wholesale energy prices in the second half of the financial year driven by movements in commodity prices. The Covid-19 pandemic and the resulting lockdown also contributed to the decrease as demand fell across the sector. These market factors have resulted in a reduction of energy revenues of 5% to £297m.

It is a feature of the renewable business that even though some sites may be operating at full capability, they can report an accounting loss despite being cash generative as finance costs and accounting charges, such as depreciation, exceed revenues. Our results for the current year include sites that are under construction and will not be fully operational until the next financial year.

Our property lending business continued to perform well, achieving 10% revenue growth. At the end of the year, 195 loans were in issue (2019: 282) and activity in the sector remains robust despite the current economic climate.

Our Healthcare business saw a £11m increase in revenues, which in part was due to a full year of income from our private medical business, One Healthcare Partners Limited ("One Healthcare") being included within our results. This business was originally a borrower from the Group's lending business and was acquired by the Group in March 2019.



2 | STRATEGIC REPORT

Chief Executive's review

Through One Healthcare, we were pleased to support the national effort against the Covid-19 pandemic, providing capacity in our hospitals to be used for NHS treatments.

Fibre optic broadband is a new sector that the Group added to its business in the prior year. These businesses are focused on the delivery of ultra-fast broadband to properties in rural areas and small towns of the UK by the development of a fibre optic network. We are pleased with the current year performance of this sector as we have seen additional headway made on their development plans due to the Covid-19 lockdown. This allowed the business to utilise its key worker status and reduced usage of the road network to accelerate its planned fibre optic network roll-out.

The financial statements for the year show a loss before tax of £22m against our expected outcome of a small accounting profit. The main cause of the difference was a reduction in wholesale energy prices, in addition to a one-off cost resulting from a mutually agreed settlement for the commercial end of a key contract. This was completed following a review of our operational and maintenance strategy in our Energy business, where we identified several advantages of engaging with specialist contractors in this area in the future. This is part our commitment to continue robust operational performance across our renewable sites coupled with the delivery of strong returns to our investors, whilst also driving the highest health and safety standards across the industry. This future value cannot be recognised in our current year financial statements, where subsidiary operations are held at cost, but is included in our share price, which reflects the fair market value of our operations.

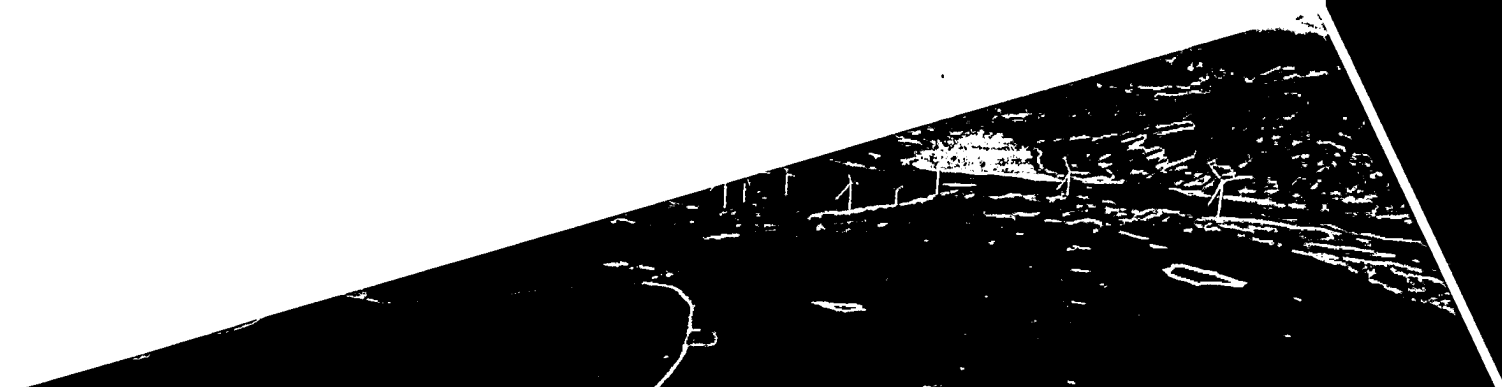
Response to Covid-19

The main area of the Group which has experienced a marked change since the pandemic began is Fern's property lending business, which makes up around 21% of the Group. At the start of the lockdown period, Fern intentionally repositioned its lending criteria in order to make its loan-to-value criteria even more conservative, and as a result intentionally reduced the number of new loans it issued.

However, as Fern's existing lending business was well positioned across 195 separate loans and secured against property with an average loan to value of around 63%, we continue to expect performance to remain robust. Fern did receive a small increase in payment holiday requests from borrowers, which we considered on a case by case basis. These aren't waivers, just short deferrals during which Fern's interest continues to accrue. Offering these occasionally to borrowers we know and trust is a reasonable step to help the wider economy in what are trying times and has allowed borrowers to now return to normal payment terms. Our property lending business continued to perform well, achieving 10% revenue growth.

It is a major benefit of operating such a large and diverse trading group that we are not forced to pursue opportunities in sectors at times when they are unattractive. Fern has access to sectors which have continued to present strong opportunities for predictable growth over the past six months, so our focus has simply moved to increasing new deployment in those sectors. A good example of this is Fern's fibre broadband division.

In line with our strategy to increase diversification by adding complementary businesses as the Group



2 | STRATEGIC REPORT

Chief Executive's review

grows, last year the Group created a fibre optic broadband division through its acquisition of Jurassic Fibre Limited. Jurassic Fibre is building a fibre to the premises network to more than 300,000 homes in Devon, Dorset and Somerset, an area currently underserved by other broadband providers. The Group's intention was to expand this division, which it did in December 2019 with the acquisition of Swish Fibre Limited, a similar business focused in the South East. Fibre infrastructure businesses are expected to deliver long-term and stable returns, because they own and operate essential infrastructure assets which benefit from predictable customer demand and pricing.

Both businesses were acquired because they offered Fern a solid platform for growth in the sector. Fern has solid plans to grow both businesses as the management teams meet specific performance milestones. Fern has deployed just over £40 million of capital into its two fibre businesses to date. This makes up 2% of the Fern Group today, and as these businesses scale, they will continue to represent a small but growing part of Fern's overall activities. As these businesses were pre-revenue on acquisition, we expect them to report a loss in their early years as they construct their network. An EBITDA loss of £8m is reported for year to June 2020 (2019: £1m). As networks are completed and new customers acquired, the Group will benefit from long-term, high margin income from these businesses.

The fibre industry has seen strong growth in the twelve months to June 2020, for several reasons. There is heightened awareness of slow internet speeds in the UK this year, which has seen a large portion of the workforce working from home due to lockdown. The outlook is that working from home will become more common after working practices return to normal. Demand for bandwidth is accelerating, so there is a ready-made customer base for firms that are able to deploy these networks before anyone else. In addition, we have been able to take advantage of the reduction of traffic on the

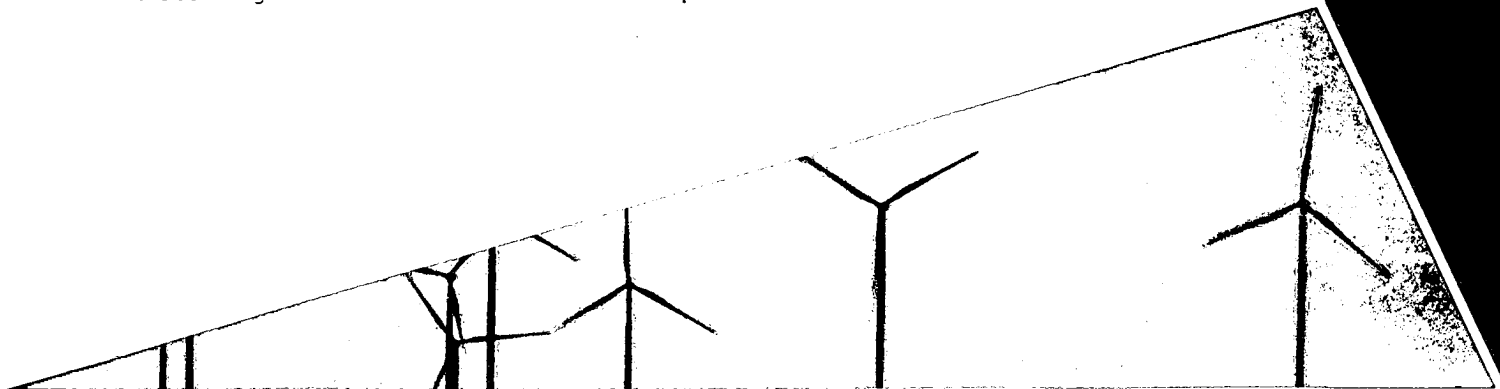
roads to lay fibre faster than planned.

Building on our experience to grow and develop the business

Our business strategy is designed to target steady long-term growth for our shareholders both through owning and operating businesses that are underpinned by valuable assets and through operating a high-quality and large-scale secured lending business. We are well positioned to look for openings in sectors where we have a track record of delivering profitability and growth over the long term, as well seeking further opportunities in new sectors where our expertise could be transferred.

Over the past ten years, we have established ourselves as one of the largest owners and operators of renewable assets in the UK. We are the UK's largest producer of solar energy from commercial-scale sites, and we have built on this expertise to grow our business into other renewable technologies such as wind onshore energy, biomass and landfill gas. We produce more than 5% of the UK's solar energy and 1.8% of the UK's onshore wind energy output – a significant contribution to the UK's green energy targets. We have also built an impressive short- and medium-term lending business with a loan book of over £650m that facilitates the construction and improvement of homes, renewable energy assets and healthcare infrastructure throughout the UK.

The Group has also diversified its energy operations outside the UK, using our industry expertise in other worldwide markets. This has enabled us to acquire sites ready for the development of wind and solar farms in Finland, France and Australia. Very excitingly, shortly after the year end we completed construction of our solar site in New South Wales, which is now the largest operational solar farm in Australia at 333 MW.



2 | STRATEGIC REPORT

Chief Executive's review

Current trading and outlook

Since the year end, the Group has continued to perform steadily and in line with our expectations. The key worker status of our Energy, Healthcare and Fibre divisions enable us to continue operations despite the ongoing Covid-19 pandemic and the diversified nature of our business ensures that we are in a strong position to manage any future economic uncertainty.

The end of the Brexit transition period at the end of 2020 will likely result in a further impact to market confidence. However due to the diversified business and operational structure of the Group we believe that the impact of any changes as a result of Brexit will be minimal.

Our property lending business continues to perform strongly, despite the uncertain economic outlook. We continue to adopt a disciplined approach to due diligence, maintain acceptable loan-to-value ratios and seek diversity across our lending business. Therefore, despite the economic uncertainty and competition in the market, we believe that our business is well positioned to continue to grow.

Our energy operations continue to see some short-term challenges as a direct result of the Covid-19 pandemic impacting consumer demand and pricing, however the division continues to provide predictable, long-term revenue streams. In August 2020, the

Group's Australian solar site became operational, which will further diversify our energy operations.

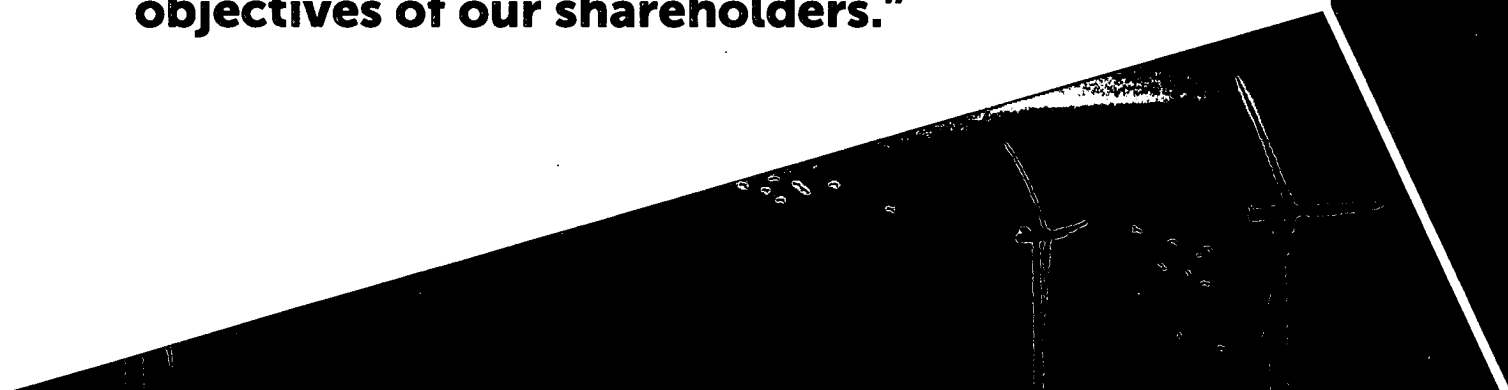
The Fibre division currently represents a small part of our Group, however the acquisitions we have made are a platform for growth and as the Group continues to develop, we expect this division to become a larger part of our business over time. Jurassic Fibre started providing broadband to its first customers in April 2020 and is therefore expected to start to contribute revenue from next year.

We continue to work closely with our Healthcare Operations business and are positive about the opportunities to improve performance in this sector.

Our mix of business areas has developed over time and may evolve further over the years ahead driven by the overarching importance we place on meeting the objectives of our stakeholders. This should not be read as any indication of a wholesale change in the sectors in which we operate but as a reflection of the role played by the strategic mandate in protecting shareholders' interests.

We are pleased to report that in October 2020, the Group completed a successful rights issue raising £145m. The proceeds will be used to secure additional opportunities in order to grow our business in line with our strategic objectives.

"Our mix of business areas has developed over time, driven by the overarching importance we place on meeting the objectives of our shareholders."



2 | STRATEGIC REPORT

Our business at a glance

What we do

Fern Trading Limited ("Fern") is the parent company of almost 270 subsidiaries (together the "Group"). Our Group operates across four key areas: energy, healthcare, fibre broadband and lending. Over the past ten years we have built a carefully diversified group of operating business well positioned to deliver long-term value and predictable growth for our shareholders.

1. Owning and operating energy sites

We generate power from sustainable sources and sell the energy produced either directly to industrial consumers or to large networks. Many of our renewable energy sites also qualify for government incentives, which represent an additional source of income. We have also utilised our expertise in renewables to construct facilities for sale or ongoing operation. At the year end the Group had five sites under construction.

2. Short- and medium-term lending

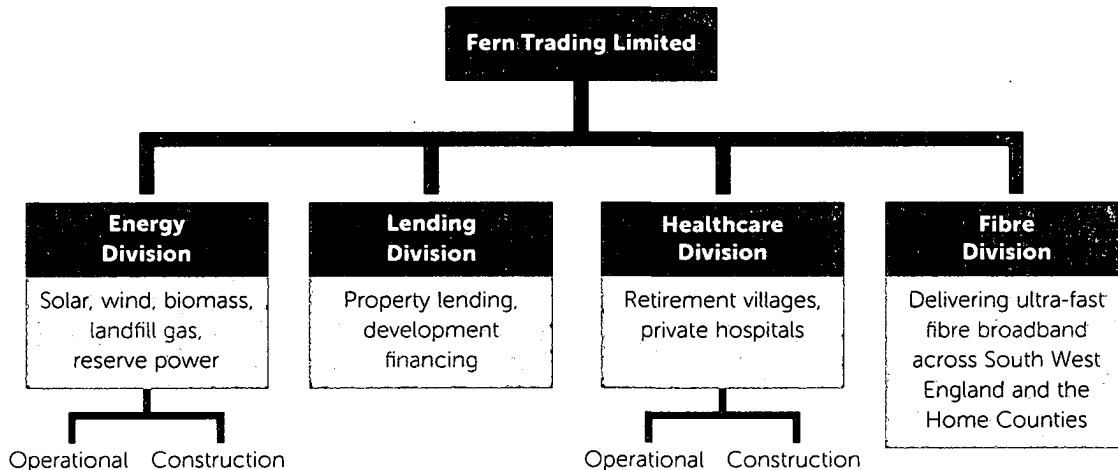
We lend on a secured basis to a large number of property professionals and also provide financing to enable other business to build assets, including care homes, energy sites, and other residential and commercial properties.

3. Owning and operating healthcare infrastructure

We own a number of retirement villages and private hospitals, which provide high-quality healthcare across four sites in the UK.

4. Owning and operating fibre broadband suppliers

We are building out the fibre broadband network in certain areas of the UK to provide ultra-fast fibre broadband direct to homes and businesses. This division is in build phase and currently not contributing to the revenue of the Group.



2 | STRATEGIC REPORT

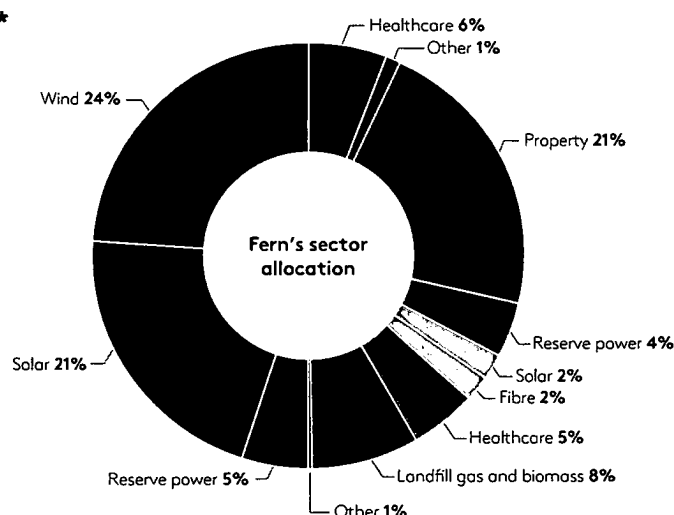
Our business at a glance

The strength of our Group's strategy is in both its operational diversity and the return profile of these businesses. Our lending business provides flexibility and strong returns over the short term, while our energy, healthcare and fibre divisions offer visibility and stability of returns over the longer term.

The scale of our business is a key strength, enabling us to acquire large-scale established operations as well as the opportunity to enter new sectors with minimal risk to the whole Group by selecting businesses with comprehensive business plans and strong management teams.

This enables us to continue to diversify our business without compromising on the quality of our operations. Over the past two years, we have successfully entered the fibre broadband sector, acquiring two companies with exciting plans delivering ultra-fast broadband across the South-West and the Home Counties.

Sector split*



■ ■ Owning and operating assets	66%
■ ■ Lending	34%

*Sector split is given by value, as represented on the company balance sheet of Fern Trading Limited

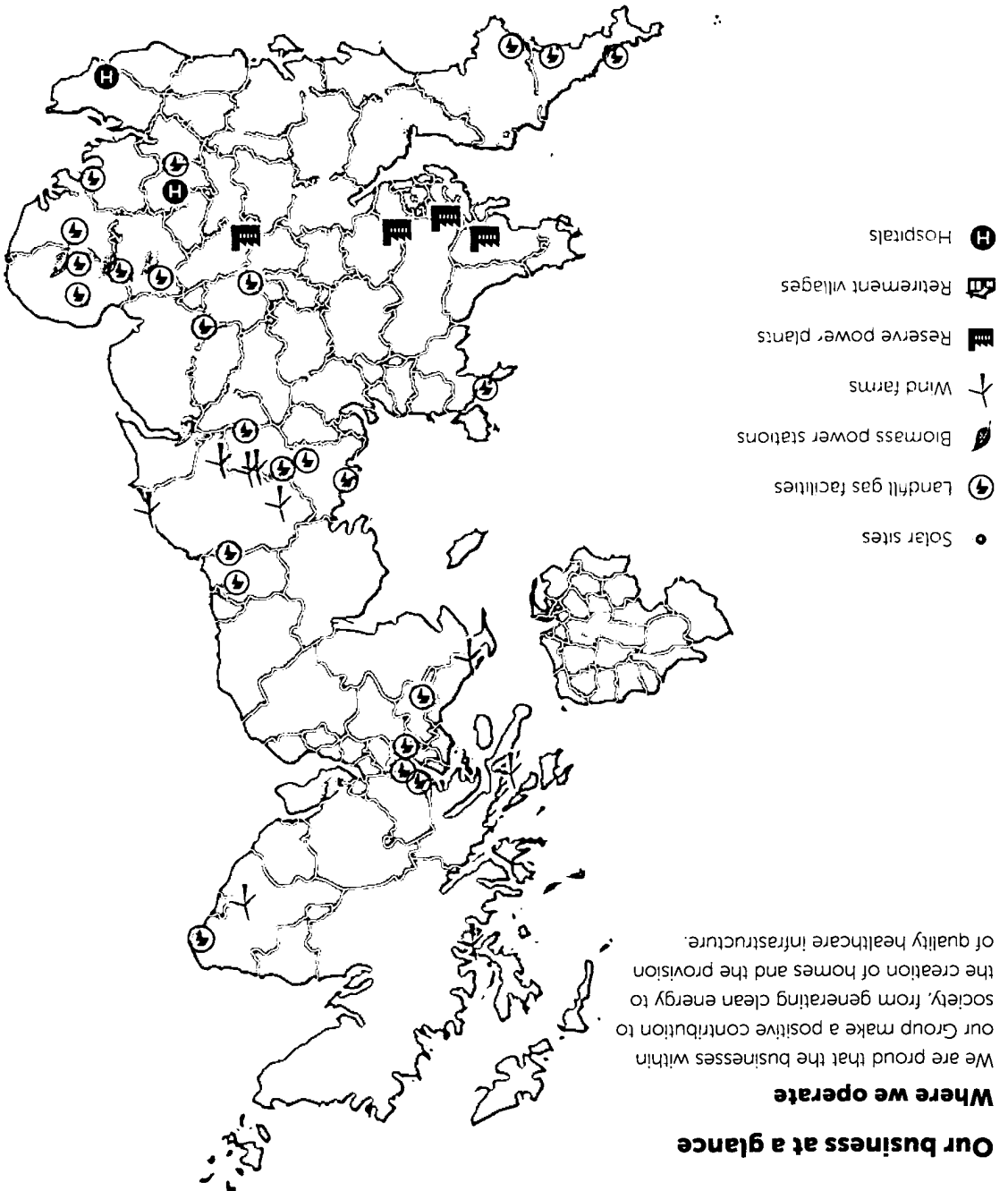


2 | STRATEGIC REPORT

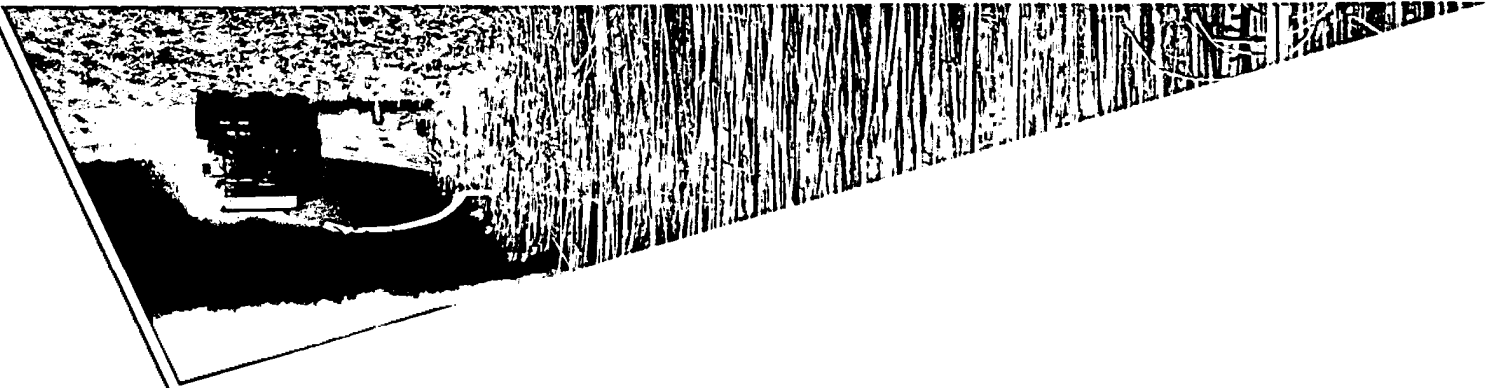
Our business at a glance

Where we operate

We are proud that the businesses within our Group make a positive contribution to society, from generating clean energy to the creation of homes and the provision of quality healthcare infrastructure.



As we've grown our expertise in these sectors in the UK, we've been able to use our industry knowledge to take our expertise to exciting opportunities overseas, including constructing solar and wind farms in Australia, France, Ireland and Finland.



2 | STRATEGIC REPORT

Our business at a glance

Making a difference

We are proud to operate a diversified Group across sectors which make a positive contribution to society across the UK, generating renewable energy, providing quality healthcare infrastructure and retirement living, and delivering high-speed broadband to underserved areas of the country.

Energy

We operate more than 211 renewable energy sites, producing 1,841MWh a year. That's enough energy to power over 1.1m homes.

Our combination of technologies: solar, wind, reserve power, biomass and landfill gas, complement each other well, helping the UK to meet its energy targets whatever the weather.

The Fern Community Fund is a social enterprise run by the Group, which works to distribute community funds generated from our wind farms. So far the Fern Community Fund has awarded £526,650 to local community groups, supported five local university students through our Student Scholarship Fund, and provided a winter fuel subsidy to 173 residents.

Healthcare

Our retirement villages provide high-quality, contemporary living space for 417 individuals, with schemes in development offering a further 160 places.

A friendly community is at the heart of our retirement villages, which is why we provide central facilities and a hub of social activity for our residents.

Our hospitals played a key role in supporting the NHS throughout the Covid-19 pandemic, treating 3,268 NHS patients from March to June 2020.

Fibre

We are backing two fibre businesses with plans to connect over 650,000 households with ultra-fast fibre broadband networks.

Without our efforts, these small towns and villages would likely have to wait several years until they received internet connections fit for the modern world.

Supporting local communities is a key priority, which is why we've launched a scheme offering free ultrafast fibre broadband to village halls for a year in our build areas.

Lending

The loans we made during the year have helped to fund the construction of student accommodation, and residential properties.

We have made loans to over 25 taxi drivers and fleets to enable them to buy electric vehicles, reducing carbon emissions in our capital.



2 | STRATEGIC REPORT

Our strategy in focus

Our businesses

Energy division

Through our Energy division, the Group owns and operates energy sites which supply electricity into the network, as well as constructing renewable energy sites for future sale. Of the 221 energy sites that we own and operate, 211 provide renewable energy, contributing to the Group's position as the largest producer of renewable energy from commercial scale solar sites in the UK. Energy sites are typically expected to generate stable profits for many years, as such owning and operating these businesses is attractive to the Group because of their potential to deliver predictable profits over the long term.

Renewable energy sites generate power from sustainable sources and sell energy produced either directly to large industrial consumers or to large networks. Many of our renewable energy sites also qualify for government incentives, which results in a portion of the generated energy benefiting from rates that are 'locked in' for a specified period once a qualifying site is operational and accreditation has been granted. This has reduced some of the impact of the fall in long-term energy price forecasts which we have seen over the year, which have resulted in a decrease in the value of some of our energy sites. The long-term predictability of the income offered by government incentives continues to make renewable energy an attractive sector. As new sites built in the UK do not qualify for historic government incentives, we are seeing more interest in the market for sites like the ones we own and operate.

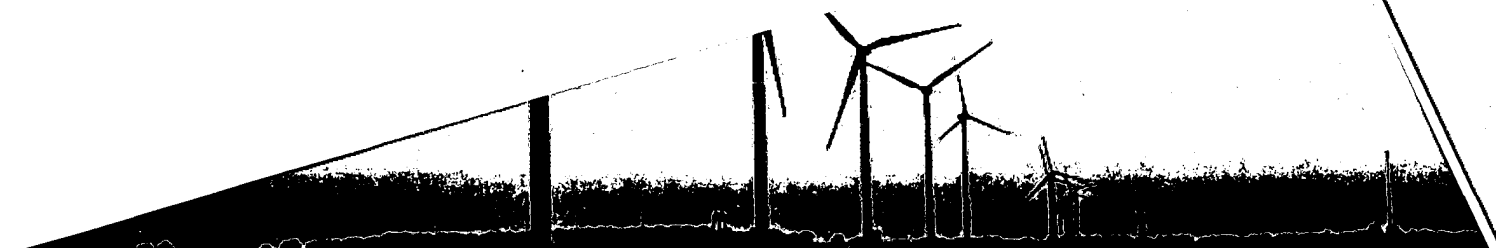
Owning and operating energy sites is a core part of our strategy, enabling us to have good visibility over future potential for profits and growth for shareholders, and currently makes up 58% of the Group. This part of our Group typically

generates lower returns than some other sectors but crucially it has the potential to provide stable returns over the long term. This combination is key to our strategy to balance risk and return across the range of Group activities to generate target returns for shareholders.

"Our renewable energy sites generate 1,841MWh of power."

Due to the high-quality energy sites we own, we are able to secure long-term financing from mainstream banks at competitive rates to enhance our returns, which helps us to deliver the level of returns our shareholders expect. We have demonstrated this during the year, having secured improved terms across our largest facility, providing external debt to our portfolio of UK solar sites.

While our renewable energy business started life in the solar energy sector, the Group has built expertise across other adjacent technologies including wind energy, biomass and landfill gas, supported by reserve power plants which provide backup power to the National Grid. The Group therefore benefits from diversification within this part of its business, since weaker conditions for energy production from one technology often result in stronger production elsewhere. The Group also gains significant benefit from its scale in this sector as our business is spread across over 221 sites, vastly reducing the risk to Group profitability if one site suffers an operational disruption.



2 | STRATEGIC REPORT

Our strategy in focus

Having gained expertise in the UK energy sector over the past six years, the Group has expanded its UK Energy division by entering into carefully selected overseas jurisdictions which present attractive complementary opportunities, utilising our sector expertise in countries at an earlier stage of renewable energy development than the UK, offering potential for attractive returns. Through our overseas development we are currently constructing wind farms in Finland and France.

During the year to June 2020, we successfully sold eight solar sites and acquired five reserve power plants and nine wind farms across the UK, France and Ireland.

Healthcare division

Through our Healthcare division, the Group operates in the private medical and retirement living sectors. Our retirement living business, Rangeford Holdings Limited ("Rangeford"), owns two retirement villages in Wiltshire and North Yorkshire and is currently developing a further site for future operation.

Our private medical business, One Healthcare Partners Limited ("One Healthcare") owns and operates two private hospitals in Kent and Hertfordshire, providing the very best level of care in modern, well equipped hospital facilities.

Both Rangeford and One Healthcare were originally borrowers from the Group's lending business and were acquired by the Group after careful consideration following performance issues on the loans. We remain optimistic that we can continue to improve trading in these business through careful management and orientation of the way the businesses operate.

Through One Healthcare, we were pleased to support the national effort against the Covid-19 pandemic, providing capacity in our hospitals to be used for NHS treatments.

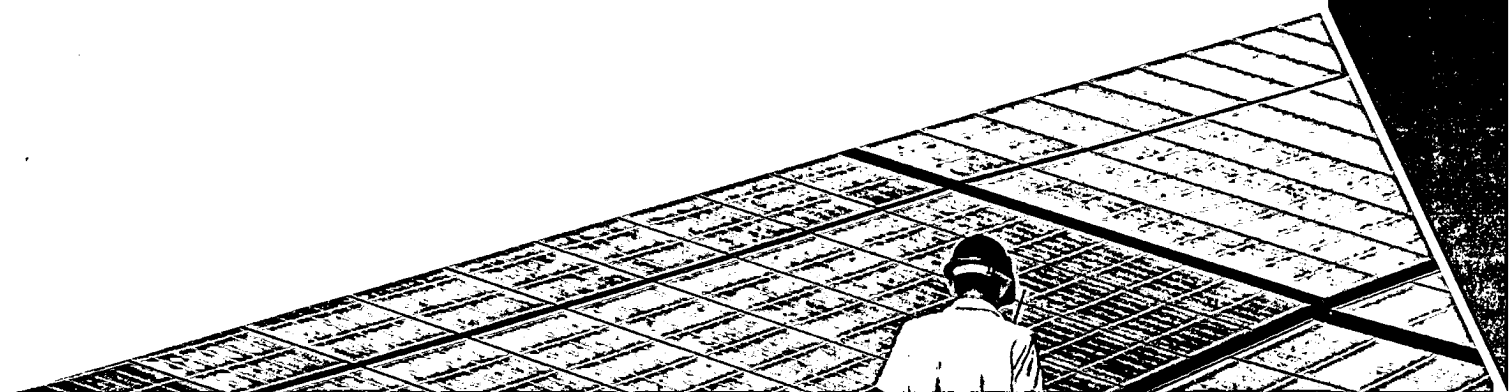
Fibre division

Ultra-fast fibre broadband is the newest part of our Group, incorporating Jurassic Fibre Limited ("Jurassic") which was acquired in February 2019 and Swish Fibre Limited ("Swish") which was acquired in December 2019.

Through Jurassic and Swish, we are building new physical fibre networks for underserved communities in the UK, and have started rolling out fibre infrastructure in underserved parts of Devon, Somerset, Dorset and the Home Counties. We are aiming to connect over 650,000 homes over the next three to four years.

This involves connecting large datacentres and telephone exchanges in the UK with homes and businesses, effectively replacing the copper wires that were built in the first half of the 20th century by BT and the Post Office. It is a whole new telecommunications utility fit for the modern digital world. These businesses are vertically integrated, as they both own the fibre infrastructure and also have the end customer relationship as the internet service provider or "ISP".

The Fibre division currently represents a small part of our Group, however the acquisitions we have made have been done as a platform for growth and as the Group continues to grow, we expect this division to become a larger part of our business over time. The companies will require approximately £250m of capital each over the next four years to fulfil their build plans. We are pleased to say that both companies are currently meeting or exceeding their performance milestones, but of course it is early days.



2 | STRATEGIC REPORT

Our strategy in focus

Lending

Lending continues to be a core part of our business and has provided the Group with a profitable and cash generative sector over the past ten years.

This well-established part of our Group can be split into two main areas: property lending, which provides short-term financing to experienced, professional property developers, buy-to-let landlords and those seeking bridging finance; and development financing, which provides short- and medium-term financing to companies to cover part of the costs of developing high-value business assets including healthcare facilities and energy generation sites.

We manage risk across our lending business through undertaking careful borrower due diligence, taking security over assets, typically on a first charge basis and maintaining conservative loan-to-value ratios. A key benefit of the scale of our Group and of the business that we have built up in this sector is our ability to mitigate risk through having a very large number of short and medium term loans spread across small projects to individual borrowers.

Not all loans will perform as expected and our business is designed to mitigate the impact of this due to the size of each loan we make relative to the size of our lending business. Our loan book is currently spread across 195 separate loans with an average loan of £3.4m. As we take high-quality security when we make a loan this enables us to take action to recover value for our shareholders when necessary, including the option for us to step in and manage non-performing businesses where we deem this to be the best course of action.

“Lending continues to be a core part of our business and has provided the Group with a profitable and cash generative sector over the past ten years.”



2 | STRATEGIC REPORT

Our business response to Covid-19

The global Covid-19 pandemic which came to light in the spring of 2020 continues to impact the global economy. In preparing these financial statements, the Directors have considered the impacts of Covid-19 on the Group for both the results for the year to 30 June 2020 and for future performance.

While no business can be completely immune from the impact of the pandemic, due to the nature of the businesses that we own and operate, most have been able to continue operating throughout the pandemic and we are positive about the coming year. Many areas of our Group have been able to operate a "new normal" as key workers, adopting safe working policies in line with Covid-19 government guidance allowing sites across the business to continue operations. Other areas of our Group, and key supply chain, including Octopus Investments Limited, a key supplier of resource to Fern, have shown they are able to work effectively from home and we have experienced no business interruption as a result of offices being closed.

The Group has a strong balance sheet and is well financed, which will enable us to deal with any future challenges that may occur. Our Group has access to several financing facilities, with a £160m revolving credit facility available for short-term cash demands. At the year end, £33m was drawn on this facility, leaving sufficient headroom for short-term cash availability should it be required. Since the year end all amounts have been repaid on this facility. The Group also secured a £10m overdraft facility with a relationship bank, allowing immediate access to additional liquidity as required. Finance facilities across the Group are of a long-term nature and therefore the Group is not required to re-finance any of these facilities in the current economic climate.



2 | STRATEGIC REPORT

Our business response to Covid-19

Energy division

Through our Energy division, we own and operate a number of sites exporting electricity to the grid, as well as constructing sites for future generation. Throughout lockdown, we have been able to continue both operating sites and construction work on the sites under development, resulting in minimal impact from Covid-19 on our ability to generate electricity and meet our construction timetable.

Energy demand has decreased as a result of businesses and factories being closed for long periods during lockdown, which has impacted the price of energy.

Lending division

The loans written from our Lending division are exposed to a number of sectors: property, healthcare infrastructure, energy infrastructure and electric vehicles.

During the initial lockdown, we saw reduced loan activity and received a small increase in payment holiday requests from customers. However, since August 2020 we have seen a return to normal payment terms and activity levels. We continue to monitor recoverability closely and maintain a disciplined approach to due diligence, acceptable loan to value ratios and seek diversity across our lending business, to manage any emerging risks.

Healthcare division

Throughout the Covid-19 pandemic, our private hospitals provided support to the NHS by taking on non-Covid-19 NHS patients for treatment that otherwise could not have been carried out on the NHS. We were able to do this through existing capacity in the hospitals and therefore this has had a positive financial impact to the Group. Following the year end, the contract with NHS England was extended until December 2020.

Construction at our Retirement Villages was able to continue throughout lockdown due to key worker status, resulting in minimal impact in this area to future results. Our Retirement Village at Wadswick Green put in place appropriate measures to ensure the safety of staff and residents, which involved the closure of central facilities such as the restaurant and spa. The sales office for new apartments was also closed, resulting in lower than expected sales for the three months to June 2020. Since lockdown begun, six apartments have been sold and the team are starting to see more enquiries for new reservations.

Fibre division

Our teams at Swish and Jurassic have continued to build out the fibre network throughout the Covid-19 pandemic, benefiting from key worker status. In some cases, we have been able to build faster than we had expected due to being able to close additional roads during the height of lockdown.

Our key concern for the Fibre division was potential supply chain issues and therefore have purchased stock to enable us to continue construction for several months.

We expect that demand for ultra-fast fibre broadband will continue to rise with more people working from home for the foreseeable future and therefore are positive about the contribution we can make in this area.



2 | STRATEGIC REPORT

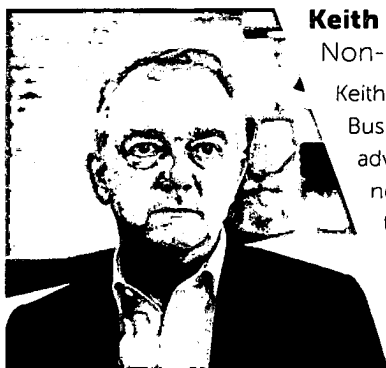
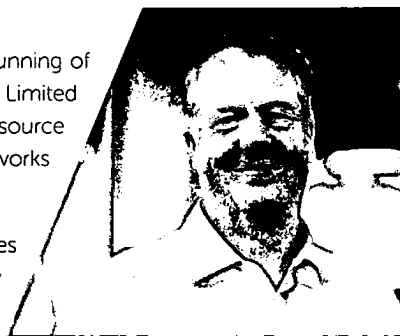
Directors

The experienced Board of Directors for the Fern Group are responsible for determining the strategy of the business and for accounting for the Company's business activities to shareholders. They have a set of complementary commercial, energy sector-related and strategic skills.

Paul Latham Chief Executive

Paul is Chief Executive of Fern and is responsible for the day-to-day running of the business. He is also a managing director of Octopus Investments Limited ("OI"), where he has worked since 2005. OI is a key supplier of resource and expertise to Fern. Paul's dual role ensures that this relationship works effectively and in the best interests of Fern's shareholders.

Paul has had various general management and internal consulting roles across a number of sectors and brings with him a wealth of industry and business experience.



Keith Willey Non-Executive Chairman

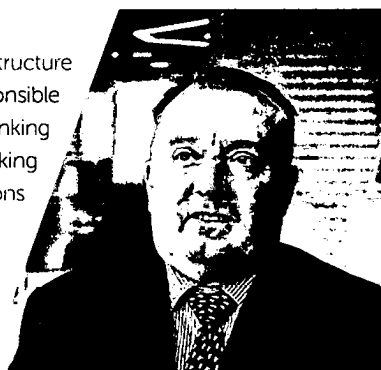
Keith is an associate professor of strategy and entrepreneurship at London Business School. He also holds various non-executive directorships and advisory roles at high growth and more mature companies. In his role as non-executive chairman he is responsible for the effective operation of the Board, as well as its governance.

He brings to the Fern business independent commercial experience gained from his time in academia, private equity investment, consulting and various hands-on operational roles.

Peter Barlow Non-Executive Director

Peter has almost 30 years' experience in international financing of infrastructure and energy. As a senior executive for International Power, Peter was responsible for arranging over \$12bn of project and corporate funding, as well as banking relationships and treasury activities. He has spent over 20 years working internationally for HSBC, Bank of America and Nomura, financing acquisitions and greenfield projects in the energy and infrastructure sectors.

His combination of Board-level financing and energy experience over numerous energy sub-sectors, and his all-round knowledge of all the sectors in which Fern operates, adds significant value to the operation of the Board as well as its strategy formation and deployment.



2 | STRATEGIC REPORT

Principal risks and uncertainties

Principal risks

Management identify, assess and manage risks associated with the Group's business objectives and strategy. Risks arise from external sources, those which are inherent commercial risks in the market, and from operational risks contained within the systems and processes employed within the business. Overall risk exposure is managed across the Group through the diversification of our activities, both by type of activity and sector.

The principal risks that the Group are exposed to relate to market, operational (including

health and safety), and counterparty risk. These risks are managed by thorough due diligence on new operating businesses or potential borrowers, and on the value of the assets securitised for new loans.




In the table below, we present a description of the risk, the mitigation we undertake to reduce the potential impact of this risk, and our assessment of whether the likelihood of the risk has changed or remained the same.

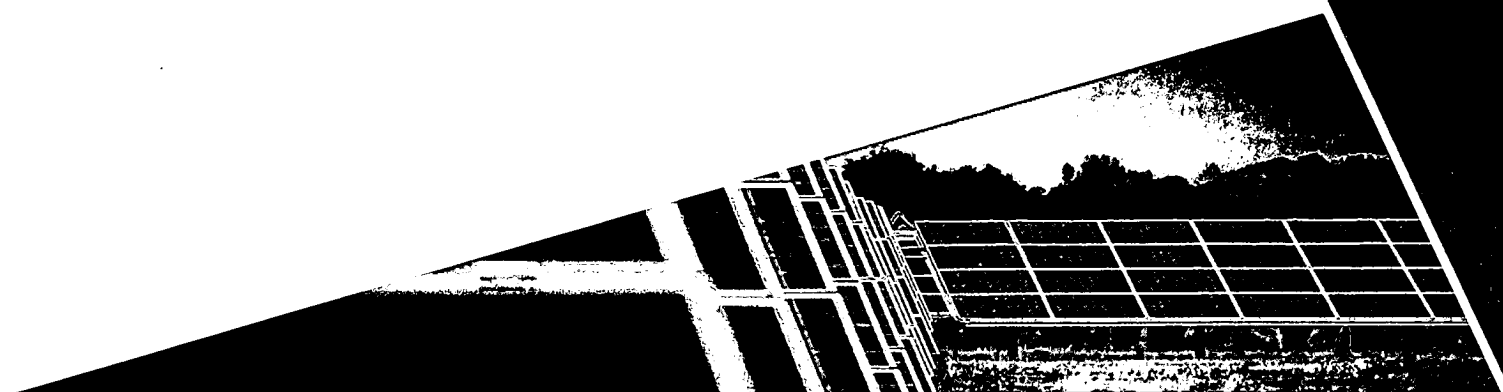
Principal Risks			
Risk	Division	Mitigations	Change
Market Risk: Energy sites could fail to achieve forecast levels of income due to changes in energy prices or government subsidies.	Energy operations	Fluctuations in energy prices are mitigated by entering into contracts which fix a portion of our energy income, reducing exposure to underlying energy prices. 30% of our energy income was fixed through price power agreements, and 3% was fixed through Feed In Tariffs. Long-term government backed offtake agreements, such as the Renewable Obligation Certification ("ROC") scheme, also underpin certain revenue streams. 45% of our energy income was generated from ROC revenue. The government continues to show commitment to renewable energy and subsidies as part of its 'Build Back Greener' campaign.	↑ Increase (due to changes in demand and continuing uncertainty as a result of Covid-19)
Market Risk (Construction): Fluctuations in the property market could result in lower than forecast revenue from the sale of retirement apartments once fully constructed.	Healthcare operations	Planning consents on undeveloped land are optimised to maximise available revenues. High-quality build specifications are designed to maintain the value of apartments, and costs incurred are kept under close review throughout the development process.	↑ Increase (due to economic conditions as a result of Covid-19)
Market Risk: Interest rate changes could impact the lending business resulting in reduced profits or lack of competitive offering.	Lending	The Group's lending business is diversified, reducing the risk of changes in interest rates impacting all areas of the business. We offer responsive and flexible solutions which are not just about price to ensure we remain competitive in the market.	↑ Increase (due to uncertain market conditions due to Covid-19)



2 | STRATEGIC REPORT

Principal risks and uncertainties

Principal Risks			
Risk	Division	Mitigations	Change
Operational Risk: Climate change and operational availability could impact revenue generated from energy sites.	Energy operations	Unpredictability of the weather is mitigated through the diversification of energy sectors and geographies in which the Group operates. Operational strategy and servicing of assets are optimised to maximise availability of assets.	 No change
Operational Risk: Litigation as a result of medical malpractice suits.	Healthcare operations	The Group maintains robust policies and procedures relating to the provision of medical services. We review this through conducting internal inspections as well as external inspections by regulatory bodies. The Group has insurance policies in place to cover against financial losses due to medical malpractice claims.	 No change
Counterparty Risk: Loans made through the Group's lending business could be made to unsuitable counterparties, which could impact recoverability of the loan balance.	Lending	Loans are secured against solid underlying security, such as a charge over the property or other assets of the borrower. Thorough due diligence, including property or land valuations, is undertaken prior to all lending. Where loans are made for assets under construction or to businesses, management monitor stage completion and performance against relevant covenants prior to further drawdowns.	 Increase (due to uncertain market conditions due to Covid-19)



2 | STRATEGIC REPORT

Principal risks and uncertainties

In addition to the principal risks the Group is also exposed to financial risks relating to currency, liquidity and interest rates. In the below table we present a description of the risk, the mitigation we undertake to reduce the potential impact of this risk, and our assessment of whether the likelihood of the risk has changed or remained the same.

Financial Risks			
Risk	Division	Mitigations	Change
Currency Risk: Assets under construction and revenues generated in other currencies may not generate the expected level of returns due to changes in foreign exchange rates.	Energy operations	The Group hedges its foreign exchange risk in relation to the assets it owns where cash flows exist outside of the reporting currency, which is Sterling. FX forward contracts are used to fit the profile of the cash flows with the objective of the hedging policy being to mitigate against the risk of movement in exchange rates.	↑ Increased due to Brexit and more overseas activity
Interest Rate Risk: Interest costs could increase as a result of market conditions.	Entire Group	For long-term floating rate debt, the Group enters into hedging arrangements to fix a portion of the interest to mitigate against an increase in interest rates. Note 21 outlines the hedging arrangements in place to mitigate this risk. For new facilities, the risk is mitigated through our strong relationships with a select number of established banks. Central bank interest rates have been falling as a result of Covid-19 reducing this risk.	↓ Decreased (due to economic conditions as a result of Covid-19)
Liquidity Risk: Lack of availability of cash from bank loans or revenues could impact the Group's abilities to meet obligations as they fall due.	Entire Group	The Group undertakes thorough cash flow forecasting to ensure receipts are sufficient to meet liabilities as they fall due. Bank covenants are carefully monitored, and sensible levels of debt are maintained across the Group. The majority of the Group's borrowing is on a long-term basis, whereas our revenue is received throughout the year, as well as redemptions on our short-term loan book. The Group also has a flexible finance facility, which can be drawn or repaid to meet immediate business needs.	= No change



2 | STRATEGIC REPORT

Corporate governance

Section 172 (1) statement

The Board consider that they have adhered to the requirements of s172 of the Companies Act 2006 (the "Act"), and have, in good faith, acted in a way that would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to all stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 30 June 2020.

In the performance of its duty to promote the success of the Group, the Board has regard to a number of matters, including the likely consequence of any decisions in the long term, and listens to the views of the Group's key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes. The Board fulfils these duties partly by delegation to committees and the boards of subsidiary undertakings, who operate within a corporate governance framework across the Group.

At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also review other areas over the course of the financial year including the Group's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility; and governance, compliance and legal matters.

Principal decisions

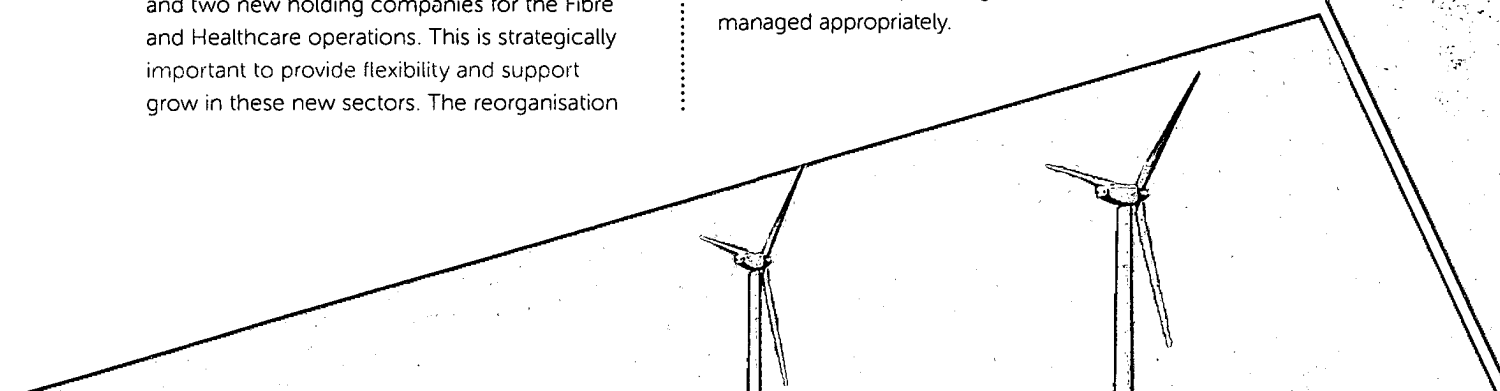
We define principal decisions taken by the Board as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups. The Board consider that the following are examples of principal decisions it made in the year ended 30 June 2020:

- In order to facilitate the governance of the Fibre and Healthcare sectors, the Board decided to commence a group reorganisation which involved creating a new parent company to the Group and two new holding companies for the Fibre and Healthcare operations. This is strategically important to provide flexibility and support growth in these new sectors. The reorganisation

commenced after the year end and the steps completed so far are outlined in note 23.

The Board evaluated the possible impact on stakeholders including shareholders and observed that the new structure would not change how the Board and Group engage with shareholders or their view of the Group, but would be beneficial in providing improved governance and oversight of these sectors as well as enhancing the future prospects.

- Reviewing and deciding to move ahead with new business proposals in our renewables division such as the development and operation of French Wind sites. This deployment aligns with the Group's strategy to continue to diversify the Group; develop renewable energy sites which provide predictable, long-term revenue streams; and provide resilience against wholesale pricing changes in the UK energy market. The Board considered the opportunity and how it aligned with our objective to make a positive contribution to the community and environment and considered it would be able to provide a positive contribution.
- In order to protect the operations of the Group and shareholder value in light of the Covid-19 pandemic the Board reviewed all strategic opportunities and repositioned the business accordingly, including entering into NHS contracts providing additional non-Covid capacity during the pandemic and halting some potential opportunities. Reviewing these opportunities, the interests of employees, suppliers and customers (patients) of our healthcare operations were considered carefully, including the potential risks. The Board engaged with local management to ensure that any service could be provided in compliance with all the health and safety requirements and any risks to employees and customers of providing these services could be managed appropriately.



2 | STRATEGIC REPORT

Corporate governance

Business strategy

Our business strategy is set out on pages 12 to 14 of the Strategic Report. Management prepares a detailed Group budget which is approved by the Board on an annual basis and forms the basis for the Group's resource planning and deployment decisions. In making decisions concerning the business plan, the Board has regard first and foremost to its strategic focus, but also to other matters such as the interests of its various stakeholders and the long-term impact of its actions on the Group's future and reputation.

Shareholders

Shareholder relations and generating shareholder value is a key consideration when the Board is making strategic decisions. The prime medium by which the Group communicates with shareholders is through the annual report and financial statements, which aim to provide shareholders with a full understanding of the Group's activities and its results. This information is published on our website at www.ferntrading.com.

Employees

The Group's employees are fundamental to the overall success of the business. The Directors fulfil their duty to employees by entrusting to subsidiary Boards which the Chief Executive of the Group also sits on.

The directors of the subsidiary undertakings manage the day to day decision making, engagement and communications with employees and ensure that people are treated fairly and are valued with respect to pay, benefit and conditions. We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at

a local level and the publication of monthly key performance indicators covering output, operating costs, and health and safety.

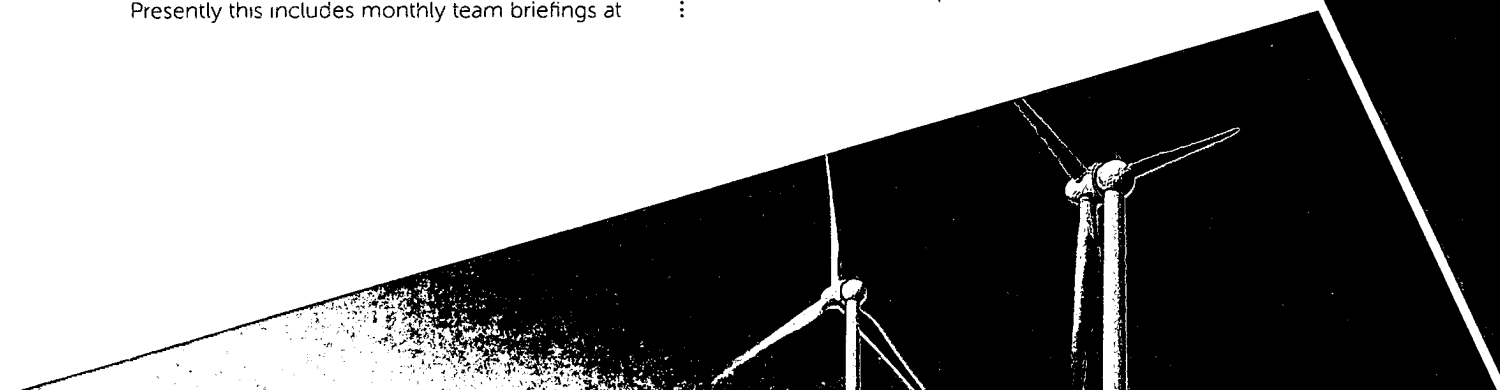
The health and safety of our employees in the workplace is a continual focus for the Group, given its broad operational business. The Directors review Health & Safety Reporting at each board meeting to ensure appropriate policies and procedures are in place to protect the health and safety of our employees and contractors. Where there are potential deficiencies or issues, these are followed up and resolved on a timely basis with the Board having oversight of the actions taken.

The Group outsources activities and management of certain operational activities to external suppliers. Where activities are outsourced the Board ensures that they are managed by reputable suppliers who meet all the relevant industry and regulatory commitments as well as treating employees fairly. Expected standards are documented in all service contracts and adherence to these are continually monitored by Board through their service agreement with Octopus Investments Limited.

Suppliers and customers

The Group acts in a fair manner with all suppliers and customers and seeks to maintain strong business relationships with them. This is achieved by all contracts being negotiated through a fair and transparent tender process which includes assessing the impact on the long-term objectives of the Group. We review our payment processing times against contracts every six months to ensure suppliers are paid promptly and this information is available on the www.gov.uk website.

The Group ensures it acts fairly and in a transparent manner to all customers across all divisions and services, and actively engages to resolve any disputes or defaults. The Board closely monitors customer metrics and engages with the management team to understand the issues if business performance does not meet customers' expectations.



2 | STRATEGIC REPORT

Corporate governance

The Board considers Octopus Investments Limited to be a key business partner and supplier with responsibility for the provision of operational oversight, financial administration and company secretarial services.

Community and environment

The provision and operation of sustainable infrastructure is at the centre of the Group's strategic goals. Through its business activities the Group seeks to make a positive contribution to the community, environment and economy. Our renewable energy business is helping the UK meet its renewable energy targets, our private hospitals have supported the NHS throughout the Covid-19 pandemic by providing treatment for non-Covid-19 NHS patients that otherwise could not have been carried out, and our fibre network will give people in rural communities access to high-speed broadband. More detail is provided on page 11.

Business conduct

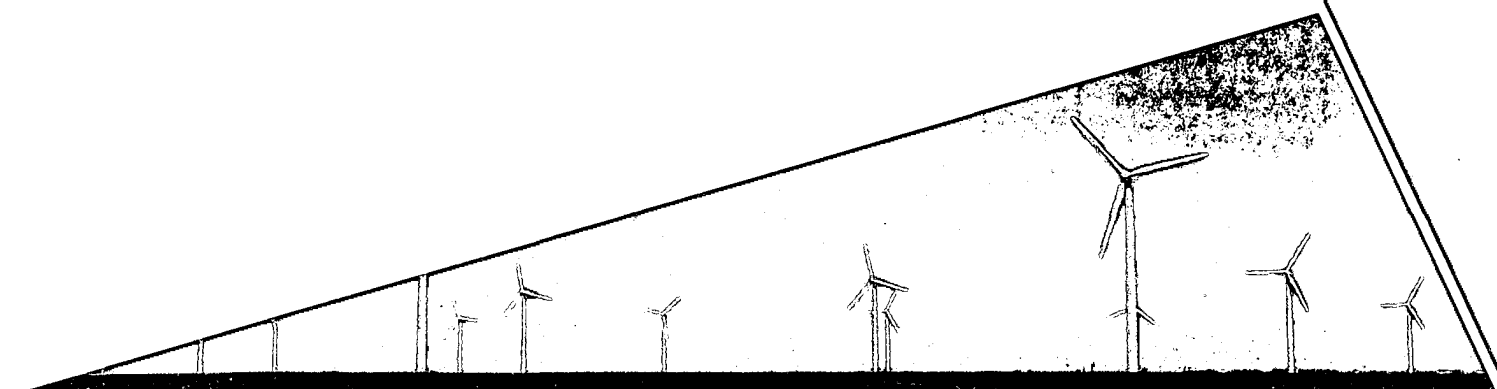
As Directors our intention is to behave responsibly, ensuring management operate the business with integrity and in accordance with the high standards of conduct and governance expected of a business such as ours. Our intention through our business strategy (outlined on page 12) is to operate in sectors and work with other businesses that share our values.

Business ethics and governance

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of the Group. Further detail can be found in the statement of directors responsibilities on page 29. In the year to 30 June 2020 no areas of concern have been flagged in this regard.

Employee, human rights, social and community issues, environment policy and anti-corruption and bribery matters

The Board's policy on employee, human rights, social and community issues, environment policy and anti-corruption and bribery matters is discussed in the Directors' Report on page 28. Promotion of a corporate culture that is based on ethical values and behaviours.



2 | STRATEGIC REPORT

Group finance review

Review of financial statements

The purpose of this report is to provide additional explanatory information on the financial statements to assist your review of the Group financial statements. The financial statements provide a statement of accounting losses for the past 12 months, and a snapshot of the balance sheet position as at the year-end date.

In measuring our performance, the financial measures that we use include those that have been derived from our reported results in order to eliminate factors that distort year-on-year comparisons. These are considered non-GAAP financial measures.

A reconciliation of these to the financial results can be found in note 27 of the notes to the financial statements.

The financial statements do not and cannot reflect the future value that the Group expects to derive from these businesses and to that extent accounting performance may differ materially from the Group share price and may not reflect changes in the full market value of assets or businesses owned by the Group.

	2020 £'000	2019 £'000	Movement £'000	%
Revenue	395,175	393,520	1,655	0%
EBITDA	112,799	127,462	(14,633)	(12%)
Loss before tax	(22,030)	(35,031)	13,001	37%
Lending book (net of provisions)	658,162	619,227	38,935	6%
Cash	206,688	122,185	84,503	69%
Net debt	885,162	838,429	46,733	6%
Net assets	1,680,627	1,644,154	36,473	2%

Financial performance

The Group has reported a £1.7m increase in revenue to £395.2m during the year ended 30 June 2020, despite the impact of Covid-19 in Q4. Revenue growth was strongest in our Healthcare division where a full year of ownership of our private hospitals (acquired March 2019) contributed to an increase in revenue of £10.6m to £28.3m (2019: £17.7m). Lending revenue also saw a 10% growth to £70.4m (2019: £64.1m) when compared with the prior year as the weighting of the loan book continues to shift towards commercial and development

which are typically larger funded loans. These increases were offset by a drop in Energy revenues of 5% to £296.5m, which were impacted by a fall in wholesale energy prices in the second half of the financial year, which was exacerbated by reduced demand as a result of the Covid-19 lockdown in March 2020.



2 | STRATEGIC REPORT

Group finance review

The Group's EBITDA decreased by 12% to £112.8m, largely reflecting a one-off cost in relation to a mutually agreed settlement for the commercial end of a key contract within the Energy division. This was completed following a review of our operational and maintenance strategy in our Energy business and will allow continued robust operational performance across our renewable sites coupled with the delivery of strong returns to our investors.

The Group has reported a loss before tax of £22.0m for the year ended 30 June 2020, which is a £13.0m improvement on the prior year (2019: £35.0m loss) despite the challenging trading conditions. The previous year included one-off costs of £15.2m in relation to hedge accounting for interest rate swaps on an old facility. The refinancing of this facility resulted in this cost being recognised in full in 2019 instead of being spread over the life of the loan. Refinancing external debt to secure improved terms in the past two years has also contributed to the £4.0m decrease in interest costs to £48.9m (2019: £52.9m).

Profit before tax also includes £18.0m (2019: £4.9m) of profit recognised on the sale of eight solar sites in our renewables business in the year to June 2020.

Financial position

Continued shareholder interest and investment in Fern has seen net assets grow to £1.68bn (2019: £1.64bn). In the year ended 30 June 2020, the Group issued 63.1m shares (2019: 69.2m) for a total consideration of £98.3m (2019: £103.5m).

Net current assets of £891.2m (2019: £844.5m) have increased by £46.7m, reflecting the growth in the loan book and an increase in cash. The Group's loan book across both property lending and development financing has grown by 6% to £658.2m (2019: £619.2m), and at the 30 June 2020 represented 34% of the Group (2019: 38%).

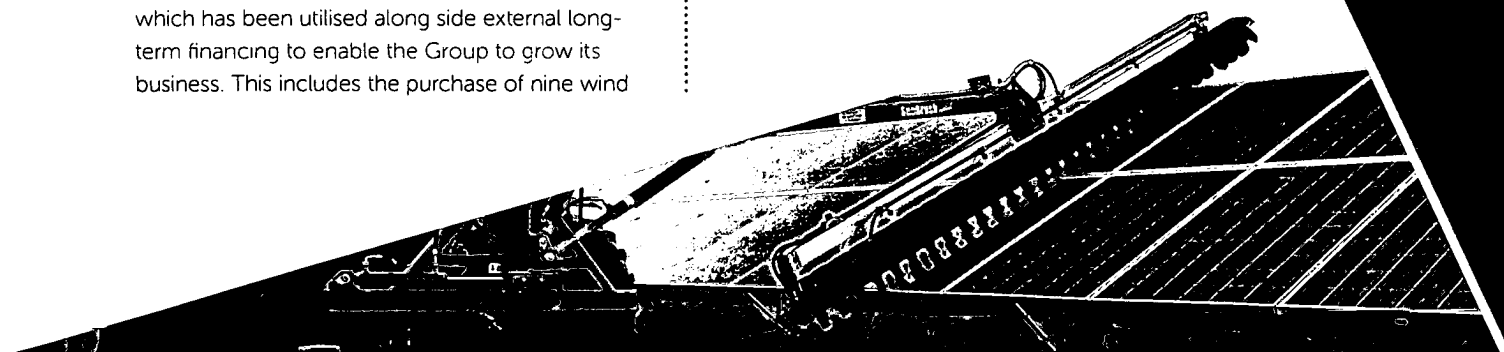
Cash and cash equivalents at 30 June 2020 were £206.7m (2019: £122.2m). Cash generation from operating activities remained strong at £106.1m which has been utilised along side external long-term financing to enable the Group to grow its business. This includes the purchase of nine wind

and five reserve power sites in addition to further deployment in our Fibre business with the acquisition of Swish Fibre Limited in December 2019.

Cash balances of £192.4m were held in our energy and fibre subsidiaries, where there are a number of large construction and infrastructure projects under way, requiring cash to be readily available for stage payments due in the following months. In addition, liquidity was required within the Energy division to service debt and to make a supplier payment due in July 2020 of £50m. The cash requirements are considered carefully throughout the Group and a further £10.1m was held within Fern Trading Limited at the year-end to provide an appropriate level of short-term liquidity to service existing lending operations.

Goodwill, at £579.2m (2019: £589.9m), is a significant number on the balance sheet and arises on the acquisition of some businesses. Acquired businesses, for example renewable energy sites, often have a market value in excess of the company's net assets, reflecting their reliable future income streams. Accounting convention requires that only identifiable assets are named on the balance sheet. So the accounts cannot record the balance of the additional market value which comprises the future profits that sites are expected to deliver. This additional value in excess of the value of fixed assets themselves (such as solar panels) is recognised as goodwill.

Put simply, the market value of the energy generation businesses (or indeed any operational businesses) reflects the value of future expected profits, not the cost of simply buying tangible assets such as solar panels or wind turbines. We pay market value for the sites we acquire, which may exceed the value of identifiable assets such as the solar panels and so generates goodwill, which essentially represents the value of the expected future income streams. Goodwill recognised will gradually be written off over the life of the site, as expected returns are realised.



2 | STRATEGIC REPORT

Group finance review

Sector performance

Lending

Revenue across our lending business grew by £6.2m to £70.4m (2019: £64.1m) in the year ended 30 June 2020, primarily due to an increase in the size of the overall loan book.

The loan book increased 6% to £658.2m (2019: £619.2m) despite fewer new loans being issued, due to further drawdowns on existing facilities, alongside a shift towards commercial and development lending which are typically larger funded loans. Loan activity was impacted during the initial Covid-19 lockdown, however since June 2020 we have seen increased activity in the property market and the issuance of more new loans than anticipated.

EBITDA for the Lending division increased to £27.8m from a prior year loss of £7.6m. This reflects the improved revenue performance of the division in addition to the prior year including several large provisions for loans. In the year to June 2020, £10.4m was provided against loans versus £49.1m in the prior year. The year to June 2019 included a £27.4m write-off as a result of the "One Healthcare" business which was previously a borrower. One Healthcare became part of the Group following a default on the loan and the subsequent decision that we could achieve a better return for the Group by taking over management of operations as opposed to continuing to seek repayment of amounts owed.

Energy operations

The results for the year ended 30 June 2020 for our energy operations division has been impacted by a drop in wholesale energy prices in the second half of the financial year driven by movements in commodity prices. The Covid-19 pandemic and the resulting lockdown also contributed to the decrease as demand fell across the sector in the final quarter of the financial year. These market factors have resulted in a year on year fall in

revenue of 5% to £296.5m (2019: £311.7m).

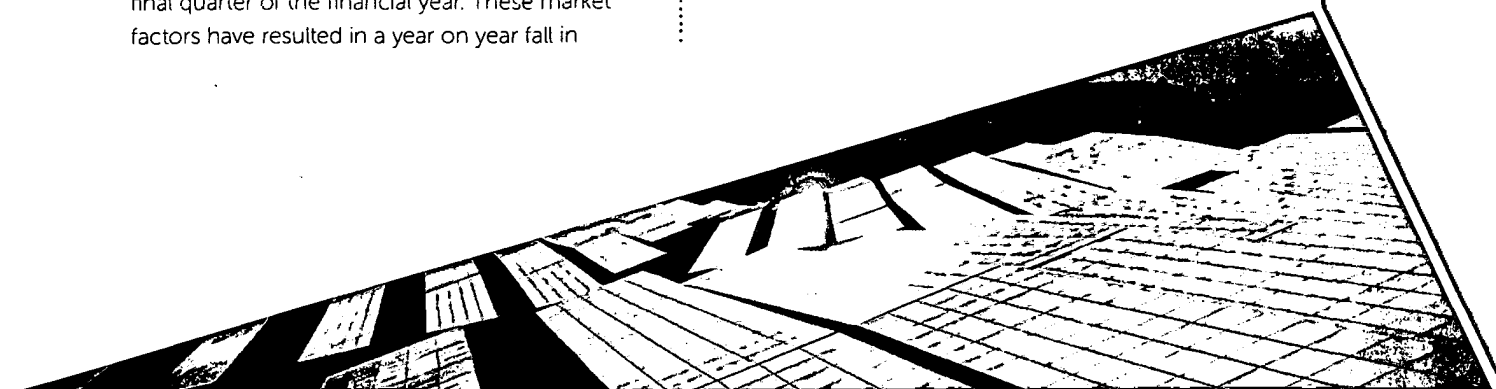
EBITDA fell to £95.8m (2019: £145.9m) reflecting the movements in revenue in addition to an increased cost base. Overall total operating costs increased by £34.9m to £200.7m (2019: £264.4m) due to continued expenditure on developing new renewable energy sites, combined with a one off cost in relation to a mutually agreed settlement for the commercial end of a key contract.

Four wind and one solar site are still under construction as of 30 June, and are therefore included within the cost base but are not yet contributing towards revenue.

This strategic expenditure to improve operations and grow the business have contributed to the fall in EBITDA when compared with the previous year but will help to future proof the operational efficiency and provide further diversification to the business in future years.

Healthcare operations

Our Healthcare division comprises the Rangeford Retirement Villages and a private hospital business "One Healthcare". Healthcare contributed £28.3m (2019: £17.7m) to Group revenues for the year reflecting the impact of owning the One Healthcare business for a full year, in addition to a new NHS contract to provide support and services to NHS patients during the ongoing pandemic. This upside was partially offset by decreased revenue in Rangeford, as a result of one-off sales of multiple units in the prior year for affordable housing. Sales in apartments at the retirement villages were impacted by the initial March 2020 lockdown, however we have seen interest and sales pick up over the past few months with the government announcement on Stamp Duty breaks contributing to increasing confidence in the property market.



2 | STRATEGIC REPORT

Group finance review

Both businesses have benefited from new management teams since our acquisition, which has contributed to efficiencies within the cost base. This has resulted in an improved EBITDA loss of £3.3m, an £6.3m uplift on the prior year loss of £9.6m.

Fibre optic broadband operations

Fibre optic broadband is a new sector that the Group added to its business in the prior year. We acquired Swish Fibre Limited in December 2019 to complement Jurassic Fibre Limited, which was acquired in February 2019. These businesses are focused on the delivery of ultra-fast broadband to rural areas in the UK with the development of a fibre optic network.

Jurassic Fibre started providing broadband to its first customers in April 2020 and is therefore expected to start to contribute revenue from next year. The division reported an EBITDA loss of £7.5m (2019: £1.3m loss) which is in line with expectations and reflects the development stage of the business and the continued expenditure on its infrastructure. We have provided sufficient funding for the company to complete the initial phase of its business plan, enabling us to pursue opportunities for growth while limiting the risks of entering a new sector.

In common with all our businesses, future value cannot be expressed on the balance sheet, but is captured in the Group share price.

Funding and liquidity

Our strategy is to secure long-term financing at conservative levels from mainstream banks in order to enhance returns from our renewable energy businesses.

This enables us to acquire businesses that the market considers to have more favourable characteristics such as predictable cost base, revenue streams, government incentives or technology and as such have lower returns that without leverage would be insufficient for our shareholders. It also allows us flexibility in financing

our businesses and managing cash flow. We believe that failing to adopt this strategy would have a negative impact on business return and shareholder value over the long term.

We continually review financing arrangements to ensure that they are competitive and optimised for the needs of the business.

To ensure cash is managed in an agile manner, we maintain a flexible finance facility which can be drawn or repaid to meet immediate business needs.

Looking ahead

The Covid-19 pandemic continues to impact the economic outlook for the short to medium term as the effect of government lockdowns and the ongoing uncertainty feeds through to the wider economy. The Group continues to monitor the situation carefully and take a prudent approach to any current and emerging risks. We are, however, positive about the continued opportunity for growth.

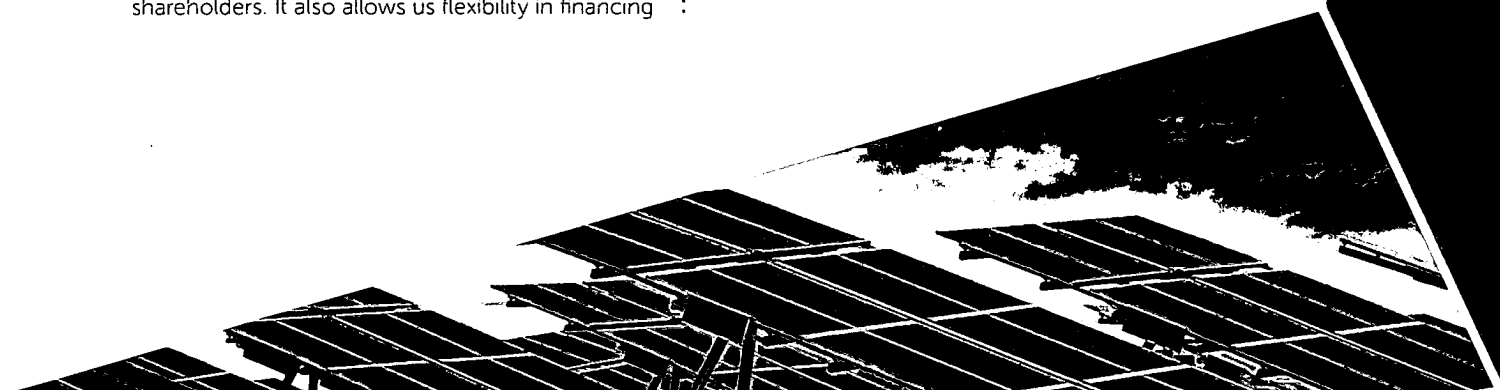
As at the end of the financial year 30 June 2020 management believe that the business is well positioned to take advantage of future growth opportunities across its core business areas. Lending and energy operations are now well established and continue to make excellent progress. We expect both to generate strong operating returns for the coming years, in addition to the anticipated construction inflows. The Healthcare and Fibre divisions which have been established over the past few years are performing in line with our long-term strategy and we anticipate strong operating returns over the next few years.



PS Latham

Director

10th December 2020



3 | GOVERNANCE

Directors' report for the year ended 30 June 2020

The directors present their report and the audited consolidated financial statements of the Group for the year ended 30 June 2020.

Results and dividends

For a summary of the Group's results, refer to the Group finance review on page 24.

The directors have not recommended payment of a dividend (2019: £Nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

PS Latham

KJ Willey

PG Barlow

On 10 July 2020, as part of a group restructure, Fern Trading Group Limited acquired 100% of the share capital of Fern Trading Limited in a share for share exchange. The purpose of this reorganisation to the Fern Group is to provide an improved corporate structure to facilitate the growth of the business. On 4 August 2020, following this restructure, KJ Willey and PG Barlow resigned as Directors of Fern Trading Limited and were appointed as Directors of Fern Trading Group Limited. E Fellows and R Skinner were appointed as Directors of Fern Trading Limited.

Post balance sheet events

Refer to note 23 in the Notes to the financial statements.

Principal activities and business review

Refer to the Strategic Report on page 8.

Future developments

Refer to the Strategic Report on page 12.

Financial risk management

The Group's objectives and policies on financial risk management including information on the exposure of the Group to credit risks, liquidity risks and market risks are set out in note 21 to the financial statements. The Group's principal risks are set out in the strategic report on page 18.

Matters covered in the strategic report

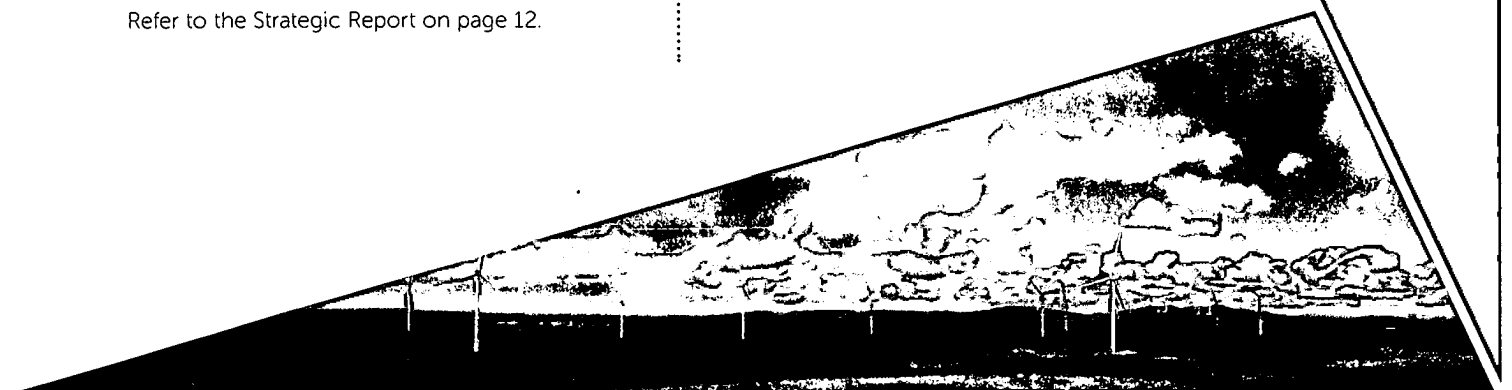
As permitted by S414c (11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Promotion of a corporate culture that is based on ethical values and behaviours

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset. The Group endeavours to conduct its business with integrity, in an ethical, professional and responsible manner, treating our employees, customers, suppliers and partners with courtesy and respect.

Employment of disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Should a person become disabled while in the Group's employment, every effort is made to retain them in employment, giving alternative training as necessary.



3 | GOVERNANCE

Directors' report for the year ended 30 June 2020

Employee information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility.

The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs and health and safety.

Outsourcing

The Group has in place an agreement with Octopus Investments Limited to provide services to the Group covering operational oversight, administration, secretarial and accounting.

Environmental policy and reporting

The Board adopted a formal environmental, social and corporate governance ('ESG') policy on 30 September 2020. The Group recognises the need to conduct its business, in a manner that is responsible to the environment, wherever possible.

As a low energy user, the Company has elected not to disclose data on its energy and carbon usage. Fern Trading Limited is the only Company in the Group that meets the reporting criteria and therefore no information is provided for the Group as a whole.

Bribery act

The Group's has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained.

Whistleblowing

In accordance with the recommendations of The UK Corporate Governance Code, the Board has considered the arrangements in place to encourage staff of the Group or Manager of the Group to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow-on action where necessary, to take place within the organisation.

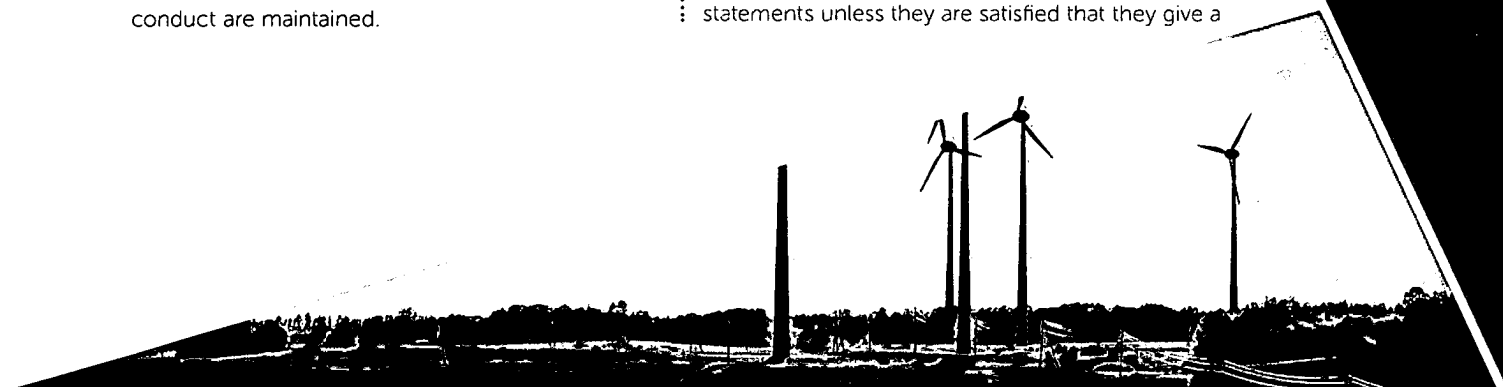
Modern slavery

We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains, consistent with our obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners. As part of our contracting processes, we expect our suppliers to comply with the Modern Slavery Act 2015.

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 Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a



3 | GOVERNANCE

Directors' report for the year ended 30 June 2020

true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 102, 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 Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and 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 Group and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

The Directors' report was approved by the Board of Directors on 10th December 2020 and signed on its behalf by:



PS Latham

Director

10th December 2020



3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fern Trading Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2020 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Fern Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the group and company balance sheet as at 30 June 2020; the group profit and loss account, the group statement of comprehensive income, the group statement of cash flows, the group statement of changes in equity, and the company statement of changes in equity for the year then ended; the Statement of accounting policies; and the notes to the financial statements.

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

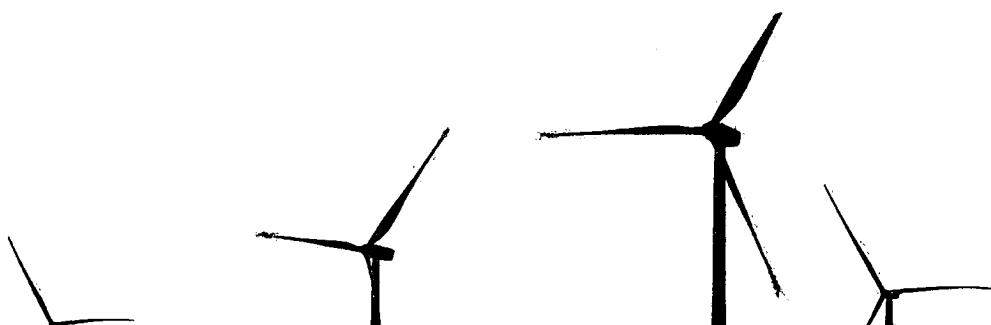
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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 group's and company's ability to continue as a going concern.



3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading 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 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 30 June 2020 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 29, 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.



3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

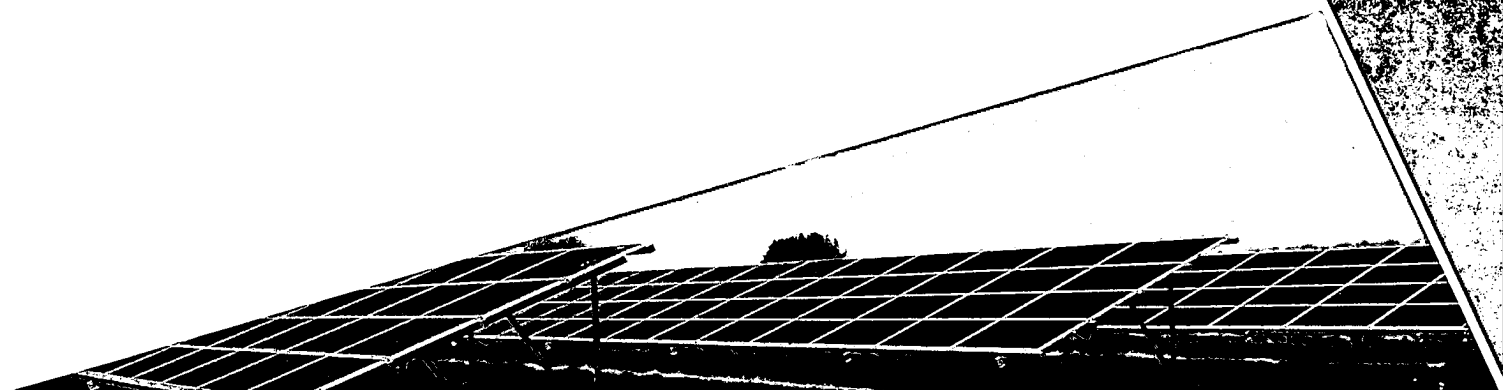
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
10 December 2020



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group profit and loss account for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Turnover	1	395,175	393,520
Cost of sales		(164,957)	(201,502)
Gross profit		230,218	192,018
Administrative expenses		(222,247)	(164,741)
Operating profit	2	7,971	27,277
Income from other fixed asset investments		945	1,860
Share of operating profit in joint venture		2,303	2,380
Profit on disposal of subsidiaries		17,991	4,919
Other interest receivable and similar income	6	148	141
Interest payable and similar charges	6	(51,388)	(71,608)
Loss before taxation		(22,030)	(35,031)
Tax on loss	7	(9,324)	(6,579)
Loss for the financial year		(31,354)	(41,610)
Attributable to Fern		(27,986)	(40,307)
Minority interest		(3,368)	(1,303)
		(31,354)	(41,610)

All results relate to continuing activities.

Group statement of comprehensive income for the year ended 30 June 2020

	2020 £'000	2019 £'000
Loss for the financial year	(31,354)	(41,610)
Other comprehensive (expense)/income		
Movements in cash flow hedges	(27,232)	(5,151)
Foreign exchange gain/(loss) on retranslation of subsidiaries	2,315	(1,178)
Other comprehensive expense for the year	(24,917)	(6,329)
Total comprehensive expense for the year	(56,271)	(47,939)



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group balance sheet as at 30 June 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	8	588,920	599,545
Tangible assets	9	1,341,599	1,179,904
Investments	10	12,268	31,561
		1,942,787	1,811,010
Current assets			
Stocks	12	74,806	72,402
Debtors (including £179.2m (2019: £252.0m) due after more than one year)	13	842,549	788,562
Cash at bank and in hand	11	206,688	122,185
		1,124,043	983,149
Creditors: amounts falling due within one year	14	(232,813)	(138,661)
Net current assets		891,230	844,488
Total assets less current liabilities		2,834,017	2,655,498
Creditors: amounts falling due after more than one year	15	(1,106,156)	(979,449)
Provisions for liabilities	17	(47,234)	(31,895)
Net assets		1,680,627	1,644,154
Capital and reserves			
Called up share capital	18	138,435	132,317
Share premium account		1,635,569	1,546,443
Cash flow hedge reserve		(45,153)	(17,921)
Profit and loss account		(57,794)	(32,123)
Total shareholders' funds		1,671,057	1,628,716
Non-controlling interests		9,570	15,438
Capital employed		1,680,627	1,644,154

These consolidated financial statements on pages 34 to 90 were approved by the Board of directors on 10th December 2020 and are signed on their behalf by:



PS Latham
Director
Registered number 06447318



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Company balance sheet as at 30 June 2020

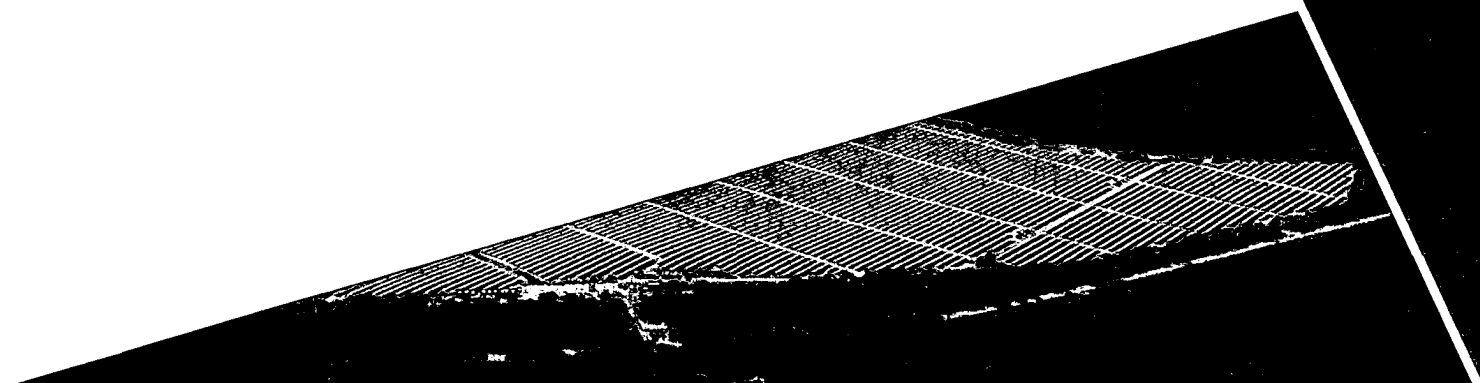
	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	10	1,227,367	1,146,776
		1,227,367	1,146,776
Current assets			
Debtors (including £179.2m (2019: £252.0m) due after more than one year)	13	751,275	700,592
Cash at bank and in hand	11	10,149	24,719
		761,424	725,311
Creditors: amounts falling due within one year	14	(14,845)	(51,125)
Net current assets		746,579	674,186
Total assets less current liabilities		1,973,946	1,820,962
Net assets		1,973,946	1,820,962
Capital and reserves			
Called up share capital	18	138,435	132,317
Share premium account		1,635,569	1,546,443
Profit and loss account		199,942	142,202
Total shareholders' funds		1,973,946	1,820,962

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the financial year dealt with in the financial statements of the Company was £57.7m (2019: £53.5m).

These financial statements on pages 34 to 90 were approved by the Board of directors on 10th December 2020 and are signed on their behalf by:



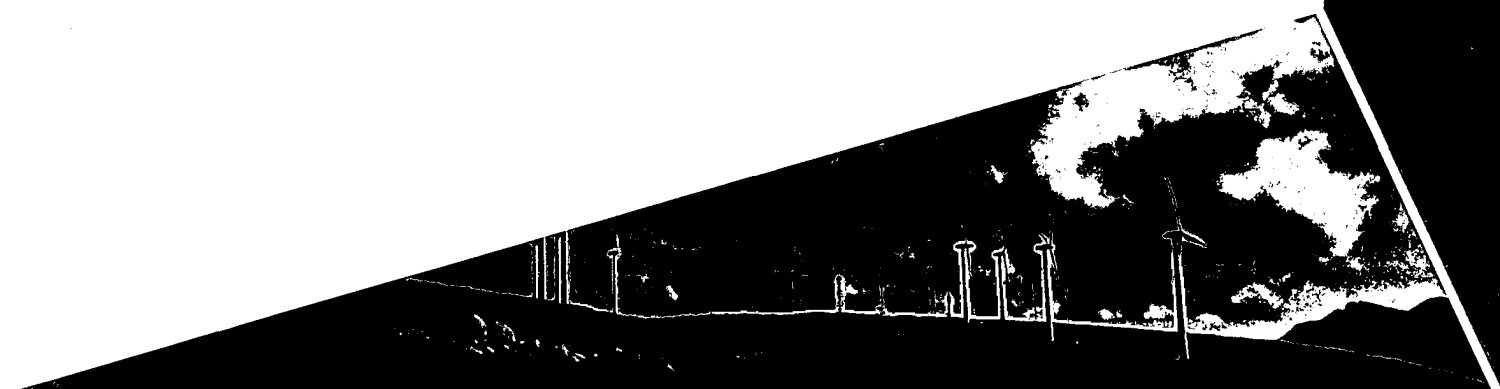
PS Latham
Director



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group statement of changes in equity for the year ended 30 June 2020

	Called up share capital	Share premium account	Cash flow hedge reserve	Profit and loss account	Total share- holders' funds	Non- con- trolling interest	Capital employed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 July 2018	125,400	1,449,920	(12,770)	9,362	1,571,912	-	1,571,912
Loss for the financial year	-	-	-	(40,307)	(40,307)	(1,303)	(41,610)
Changes in market value of cash flow hedges	-	-	(5,151)	-	(5,151)	-	(5,151)
Foreign exchange loss on retranslation of subsidiaries	-	-	-	(1,178)	(1,178)	-	(1,178)
Other comprehensive expense for the year	-	-	(5,151)	(1,178)	(6,329)	-	(6,329)
Total comprehensive expense for the year	-	-	(5,151)	(41,485)	(46,636)	(1,303)	(47,939)
Non-controlling interest arising on business combination	-	-	-	-	-	16,741	16,741
Shares issued during the year	6,917	96,523	-	-	103,440	-	103,440
Balance as at 30 June 2019	132,317	1,546,443	(17,921)	(32,123)	1,628,716	15,438	1,644,154
Balance as at 1 July 2019	132,317	1,546,443	(17,921)	(32,123)	1,628,716	15,438	1,644,154
Loss for the financial year	-	-	-	(27,986)	(27,986)	(3,368)	(31,354)
Changes in market value of cash flow hedges	-	-	(27,232)	-	(27,232)	-	(27,232)
Foreign exchange gain on retranslation of subsidiaries	-	-	-	2,315	2,315	-	2,315
Other comprehensive expense for the year	-	-	(27,232)	2,315	(24,917)	-	(24,917)
Total comprehensive expense for the year	-	-	(27,232)	(25,671)	(52,903)	(3,368)	(56,271)



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group statement of changes in equity for the year ended 30 June 2020 (Continued)

Non-controlling interest arising on business combination	-	-	-	-	-	(2,500)	(2,500)
Shares issued during the year	6,314	91,956	-	-	98,270	-	98,270
Shares cancelled during the year	(196)	(2,830)	-	-	(3,026)	-	(3,026)
Balance as at 30 June 2020	138,435	1,635,569	(45,153)	(57,794)	1,671,057	9,570	1,680,627

Company statement of changes in equity for the year ended 30 June 2020

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 1 July 2018	125,400	1,449,920	88,659	1,663,979
Profit for the financial year and total comprehensive income	-	-	53,543	53,543
Shares issued during the year	6,917	96,523	-	103,440
Balance as at 30 June 2019	132,317	1,546,443	142,202	1,820,962
Balance as at 1 July 2019	132,317	1,546,443	142,202	1,820,962
Profit for the financial year and total comprehensive income	-	-	57,740	57,740
Shares issued during the year	6,314	91,956	-	98,270
Shares cancelled during the year	(196)	(2,830)	-	(3,026)
Balance as at 30 June 2020	138,435	1,635,569	199,942	1,973,946



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Group statement of cash flows for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the financial year attributable to the owners of the parent		(27,986)	(40,307)
Adjustments for:			
Tax on loss		9,324	6,579
Interest receivable and similar income		(148)	(141)
Interest payable and other similar charges		51,388	71,608
Profit on disposal of subsidiaries		(17,991)	(4,919)
Income from joint venture		(2,303)	(2,380)
Income from fixed asset investments		(945)	(1,860)
Amortisation of intangible fixed assets		31,218	32,932
Depreciation of tangible fixed assets		73,610	67,253
Non-cash staff costs		(1,181)	-
Movements on derivatives and foreign exchange		14,288	3,781
(Increase)/decrease in stock		(2,399)	1,074
Increase in debtors		(31,323)	(120,436)
Increase in creditors		11,896	8,008
Non-controlling interests		(3,368)	(1,303)
Tax (paid)/received		2,032	86
Net cash generated from operating activities		106,112	19,975
Cash flows from investing activities			
Purchase of subsidiary undertakings (net of cash acquired)		(142,642)	(16,173)
Sale of subsidiary undertakings		140,291	31,126
Purchase of tangible assets		(213,378)	(102,269)
(Purchase)/sale of intangible assets		(357)	1,340
(Purchase) of unlisted investments		(44,189)	(43,931)
Sale of unlisted investments		64,225	45,125
Interest received		148	141
Income from investments		2,500	-
Net cash used in investing activities		(193,402)	(84,641)
Cash flows from financing activities			
Proceeds from financing		124,051	46,352
Interest paid		(48,279)	(63,645)
Proceeds from share issue		98,270	103,440
Cancellation of shares		(3,026)	-
Net cash generated from financing activities		171,016	86,147
Net increase in cash and cash equivalents		83,726	21,481
Cash and cash equivalents at the beginning of the year		122,185	101,216
Exchange gains/(loss) on cash and cash equivalents		777	(512)
Cash and cash equivalents at the end of the year	11	206,688	122,185

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies

Company information

Fern Trading Limited ('the Company') is a private company limited by shares, incorporated and domiciled in England, the United Kingdom and registered under company number 06447318. The address of the registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

Statement of compliance

The Group and individual financial statements of Fern Trading Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The consolidated financial statements include the results of all subsidiaries owned by Fern Trading Limited as listed in note 26 of the annual financial statements. Certain of these subsidiaries, which are listed in note 28, have taken the exemption from an audit for the year ended 30 June 2020 permitted by s479A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company has given a statutory guarantee, in line with s479C of Companies Act 2006, of all the outstanding net liabilities as at 30 June 2020, of the subsidiaries listed in note 28.

Going concern

The Group's and the Company's business activities, together with the factors likely to affect its future development, performance and position are set out the Strategic Report on pages 4 to 20. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 24 to 27. The principal risks of the Group are set out on pages 18 to 20.

The Directors perform an annual going concern review that considers the Group's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements have been signed.

Due to the Covid-19 pandemic, management have performed an assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Group to continue as a going concern.

No significant issues have been noted and as a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In reaching this conclusion the Directors have reviewed the financial impact of the uncertainty on the Group's balance sheet, profit and loss and cash flows with specific consideration given to the following:



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

- The businesses within the Fern Group were able to continue operating and building for the future during lockdown, with construction across our Energy, Healthcare and Fibre divisions continuing, as our workers benefitted from key worker status. We did see a drop in demand in the Energy sector which has impacted revenues in the short term, however this is partially offset by a contract for our private hospitals to provide support to the NHS by taking on non-Covid-19 NHS patients for treatment. The Group believes the wider economic outlook, consumer confidence and likely ongoing recession being the greatest risks to the future performance of the business. These key assumptions were built into the base case forecast scenario looking forward over the next twelve months, as management expect that there will be continued economic uncertainty as a result of Covid-19 in the short to medium term.

At the 30 June 2020, the Group had available cash of £207m and access to facilities of £1,242m including a RCF of £160m with a total available headroom of £127m. Bank loans of £100m are due to mature in less than one year, with the remainder of £983m payable in more than one year. The Group's facilities, repayment dates and undrawn amounts are set out in Note 16 Loans and Borrowings.

Since year end, the Group has secured a £10m overdraft facility with a relationship bank, allowing immediate access to additional liquidity as required, in addition to raising £145m of additional funds as a result of a rights issue in October 2020. These amounts are additional cash headroom that were not considered as part of the stress testing.

A reverse stress test was performed on the base case forecast to ascertain what scenarios would result in risks to the Group's liquidity position. The test showed even in an unlikely scenario of a significant reduction of revenue of 90% the Group is able to sustain its current operational costs and met all liabilities as they fall due for at least a year from approval of these financial statements, when utilising the available facilities within the Group. A 90% fall in revenue would result in a breach in debt covenants, however these could continue to be met with a still severe and improbable drop in revenue of 45%.

- The Group has a number of financing facilities that contain covenants requiring the Group to maintain specified financial ratios and comply with certain other financial covenants. These financial covenants are tested semi-annually, and, at the dates of this report, the Group is in compliance with all its financial covenants. Stress tests on severe and unlikely scenarios such as a significant reduction in EBITDA of 90% over time have been used to assess the covenant requirements for the at least the next twelve months and all covenants have been forecast to be met even under the stress test scenario, in the going concern period. The technical loan covenant breach that occurred post year end (note 26) has been considered as part of the going concern assessment and there has been no impact on the Groups going concern.
- Key accounting judgements and estimates have with made with consideration given to the current uncertain economic outlook. Key estimates including stock provisions, impairment of debtors and investment values have been set out on page 48.

Based on the above assessment of the Covid-19 pandemic impact on the financial position, liquidity and financial covenants, the directors have concluded that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, included the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

(iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings ('subsidiaries').

All undertakings over which the Group exercises control, being the power to govern the financial and operating policies so as to obtain benefits from their activities, are consolidated as subsidiary undertakings. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where the Group has written a put option over shares held by a non-controlling interest, the Group derecognises the non-controlling interest and instead recognised contingent deferred consideration liability within other payables for the estimated amount likely to be paid to the non-controlling interest on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the non-controlling interest's share of net assets, is recognised as goodwill. Movements in the estimated liability after initial recognition are recognised as goodwill.

Foreign currency

i. Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

All foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

iii. Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

Turnover

The Group operates a number of classes of business. Revenue is derived by the following:

- Energy operations

Turnover from the sale of electricity generated by solar farms, wind generating assets, reserve power plants and biomass and landfill sites is recognised on an accruals basis in the period in which it is generated.

Revenue from long-term government backed offtake agreements, such as the Renewable Obligation Certification ("ROC") scheme are accrued in the period in which it relates to. Turnover from the sale of fertiliser by biomass and landfill businesses is recognised on physical dispatch.

- Healthcare operations

Turnover is recognised when the significant risks and rewards of ownership of retirement properties have passed to the buyer (on legal completion), the amount of revenue can be recognised reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Turnover is recognised at the fair value of the consideration received for healthcare services provided in the normal course of business, and is shown net of VAT. Turnover is recognised based on the date the service is provided.

- Lending

Turnover represents arrangement fees and interest on loans provided to customers, net of any value added tax. Loan interest is recognised on an accrual basis in line with contractual terms of the loan agreement. Arrangement fees are spread over the life of the loan to which they relate.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. **Short-term benefits**, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. **Defined contribution pension plan**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

iii. **Share-based payments**

Cash-settled share-based payments are measured at fair value at the balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of units that will actually vest and the current proportion of the vesting period.

Changes in the value of this liability are recognised in the income statement.

The Group has no equity-settled arrangements.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and released to the profit and loss account over the term of the debt.

Current and deferred tax

Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and the equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated as goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is determined based on the estimated lifespan of the assets acquired. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. Goodwill is reviewed and assessed for impairment indicators on an annual basis and any impairment is charged to the profit and loss.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

Land and buildings	2% and 4% straight line
Power stations	3% and 5% straight line
Plant and machinery	4% to 33% straight line

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or depreciation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

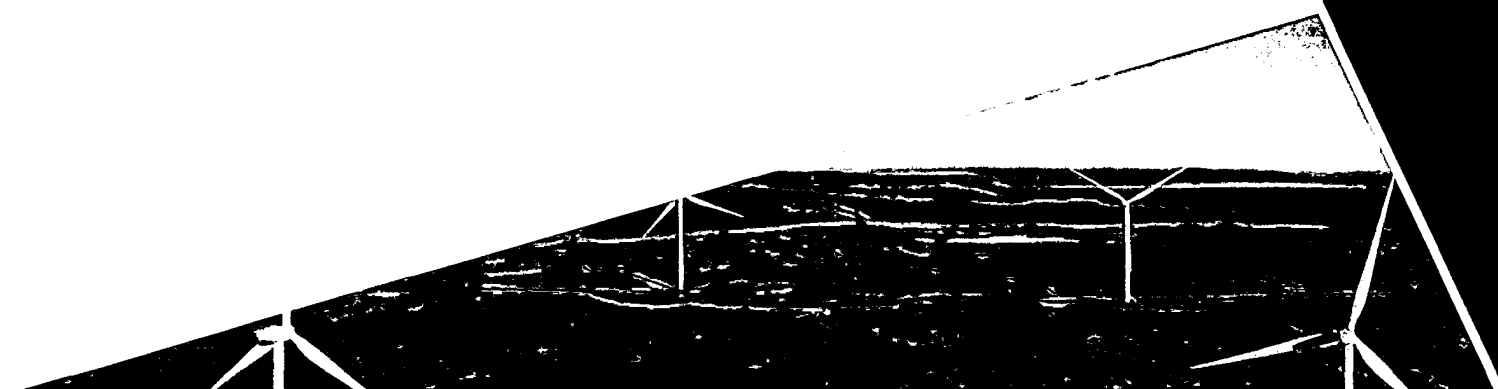
Development rights	25 years
--------------------	----------

Amortisation expenses for the year and last year are included in administrative expenses.

Development rights relate to planning consent to build a solar farm acquired on acquisition.

Where factors, such as changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

The Company holds investments in a subsidiary at cost less accumulated impairment losses. If an impairment loss is subsequently reversed, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Cash

Cash includes cash in hand and deposits repayable on demand. Restricted cash represents cash for which the Group does not have immediate and direct access or for which regulatory or legal requirements restrict the use of the cash.

Stocks

Raw materials, spare parts and consumables are valued at the lower of cost and net realisable value. Where necessary, a provision is made for obsolete, slow-moving and defective stock. Cost is determined on the first-in, first-out (FIFO) method.

Fuel stocks (MBM and litter) are valued on an average cost basis over one to two months and provision for unusable litter is reviewed monthly and applied to off-site stock.

Fuel stock of straw has been valued at the historical cost per tonne of straw. A provision for unusable straw is identified on an individual stack basis and is reviewed monthly. Stocks are used on a first in, first out ("FIFO") basis by age of straw.

Stocks of ash at Fibrophos are valued at the lower of cost and net realisable value to the Group.

Stocks of property development work in progress ("WIP") are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present locations and condition.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss through the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

Accrued income

Accrued income on loans is calculated at the rate of interest set out in the loan contracts. Energy income is accrued over the period in which it has been generated.

Deferred income

Deferred income is recognised in accordance with the terms set out in the contract. Deferred income is released to the profit and loss account in the period to which it relates.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

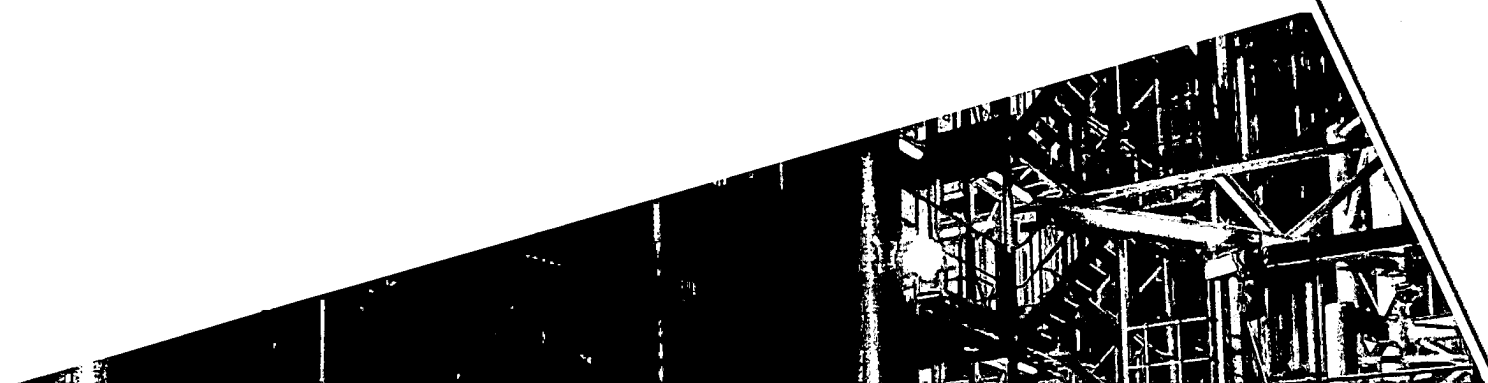
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Hedging

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the profit and loss.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss in accordance with the cash flows of the hedged item. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Share capital

Ordinary shares issued by the Group are recognised in equity at the value of the proceeds received, with the excess over nominal value being credited to share premium.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Key accounting judgements and estimates

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Statement of accounting policies (continued)

The key estimates in preparing these financial statements are:

i) Recoverability of loans and advances to customers

Loans and advances to customers, including associated accrued income balances, are reviewed for impairment on a quarterly basis. In considering the need for a provision, management determine their best estimate of the expected future cash flows on a case by case basis.

As this estimate relies on a certain number of assumptions about future events which may differ from actual outcomes, including the borrower's ability to repay interest and capital due in future periods, this gives rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the debtor balance. Management note that provisions against loans and advances is a critical estimate and have therefore performed sensitivity analysis on the provision. The results of the sensitivity analysis conclude that a change of +/- one per cent in the amount provided against the estimated balance at risk would have resulted in £2.0m less/more expenditure being charged to the income statement during the period. See note 13 for the carrying amount of the debtors and provisions at 30 June 2020.

ii) Value of property development work in progress ('WIP')

Property development WIP is reviewed for impairment on a periodic basis. In considering the need for a provision, management determine their best estimate of the recoverable value.

Management engage an expert external valuer to provide key assumptions about future events which may differ from actual outcomes, including property valuations, rate of sales and development costs. These estimates give rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the balance as at the 30 June 2020. Post year end, management have reviewed the assumptions used to determine the value of property development WIP and have observed no changes in performance that would impact the valuation as at the 30 June 2020. See note 12 for the carrying amount of the property development WIP.

iii) Decommissioning provision

The provision for decommissioning costs is measured at management's best estimate of the present value of the expenditure required to settle the future obligation to return land on which there are operational wind farms, to its original condition. The level of the provisions is determined to a significant degree by the estimation of future dismantling and restoration costs, as well as the timing of dismantlement. Management utilise external expertise to provide an estimated cost to dismantle and have used a discount rate of 2% to reflect the time in value of money and the risks specific to the obligation. Management note that decommissioning provisions is a critical estimate and have therefore performed sensitivity analysis. The results of the sensitivity analysis conclude that a change of +/- one per cent in the discount rate would have resulted in £2.5m increase/decrease in the provision. See note 17 for the provision recognised at 30 June 2020.

iv) Impairment of goodwill and investments

The value of goodwill held by the Group and investments in subsidiary undertakings held by the Company is reviewed annually for impairment. The recoverability of these balances is considered with reference to the present value of the estimated future cash flows. These calculations use cash flow projections which extend forward forecasted business performance together with assumptions surrounding the expect life of the asset, externally prepared forecasts and valuations, and any adjustments required to the discount rate to take account of business risk. The estimated present value of these future cash flows is sensitive to the discount rate and growth rate used in the calculation, all of which require managements judgement. Testing of the carrying value has been performed during the year, which has involved several scenarios being modelled. Based on this testing, management believes there is sufficient headroom to support the carrying value of goodwill and investments in subsidiary entities, although it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of assets.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

1 Turnover

Analysis of turnover by category

	2020	2019
	£'000	£'000
Lending activities	70,363	64,122
Energy operations - solar, reserve power and wind	160,372	176,863
Energy operations - biomass and landfill	136,097	134,792
Healthcare operations	28,343	17,743
	395,175	393,520

Analysis of turnover by geography

	2020	2019
	£'000	£'000
United Kingdom	371,752	383,562
Rest of Europe	23,423	9,958
	395,175	393,520

2 Operating profit

This is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Amortisation of intangible assets (note 8)	31,218	32,932
Depreciation of tangible assets (note 9)	73,610	67,253
Auditors' remuneration - Company and the Group's consolidated financial statements	199	124
Auditors' remuneration - audit of Company's subsidiaries	940	692
Auditors' remuneration - non-audit services	362	314
Auditors' remuneration - tax compliance services	234	215
Difference on foreign exchange	392	(896)
Operating lease rentals	8,980	6,549

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	21,576	15,903
Social security costs	2,695	1,759
Defined contribution pension costs	1,240	598
	25,511	18,260

The Group provides a defined contribution schemes for its employees in the UK. The amount recognised as an expense for the defined contribution scheme is shown in the table above.

The average number of persons employed by the Group during the year was:

	2020	2019
	Number	Number
Production	392	382
Administration	287	192
Directors	3	3
	682	577

The Company had no employees other than Directors during 2020 or 2019.

4 Directors' remuneration

	2020	2019
	£'000	£'000
Emoluments	185	95

During the year no pension contributions were made in respect of the directors (2019: Nil).

The Group has no other key management (2019: Nil).



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

5 Employee share scheme

A subsidiary of the Group operates a cash-settled LTIP to qualifying employees, whereby employees render services in exchange for cash, the amount of which is determined by reference to the valuation of the underlying subsidiary. The fair value of the liability for the awards made is measured at each reporting date and at the settlement date. The fair value is recognised over the vesting period. The amount of expense recognised takes into account the best available estimate of the number of units expected to vest under the service and performance conditions underlying each award granted.

Cash-settled share-based payment transactions with employees

	Number of awards
Outstanding at 1 July 2019	1,030,000
Granted during the period	610,000
Outstanding at 30 June 2019	1,640,000

The total charge for the year was £838,000 (2019: ENil) and at the 30 June 2020 there was a liability of £838,000 included within creditors greater than one year (2019: ENil).

6 Interest

Interest receivable and similar income	2020 £'000	2019 £'000
On bank balances	148	141
Interest payable and similar expenses	2020 £'000	2019 £'000
Interest on bank borrowings	46,403	43,490
Amortisation of issue costs on bank borrowings	2,546	9,381
Losses on derivative financial instruments	2,439	18,737
	51,388	71,608

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

7 Tax on loss

(a) Analysis of charge in year

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax charge on loss for the year	257	-
French corporate income tax	792	366
Adjustments in respect of prior periods	(423)	(1)
Total current tax	626	365
Deferred tax:		
Origination and reversal of timing differences	1,375	3,715
Adjustments in respect of prior periods	3,818	3,136
Effect of change in tax rates	3,505	(637)
Total deferred tax	8,698	6,214
Tax charge on loss on ordinary activities	9,324	6,579

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	(22,030)	(35,031)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(4,186)	(6,656)
Effects of:		
Expenses not deductible for tax purposes	20,961	11,078
Deferred tax not recognised	(237)	(607)
Income not taxable for tax purposes	(14,150)	266
Adjustments in respect of prior periods	3,395	3,135
Effects of change in tax rates	3,541	(637)
Total tax charge for the year	9,324	6,579

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

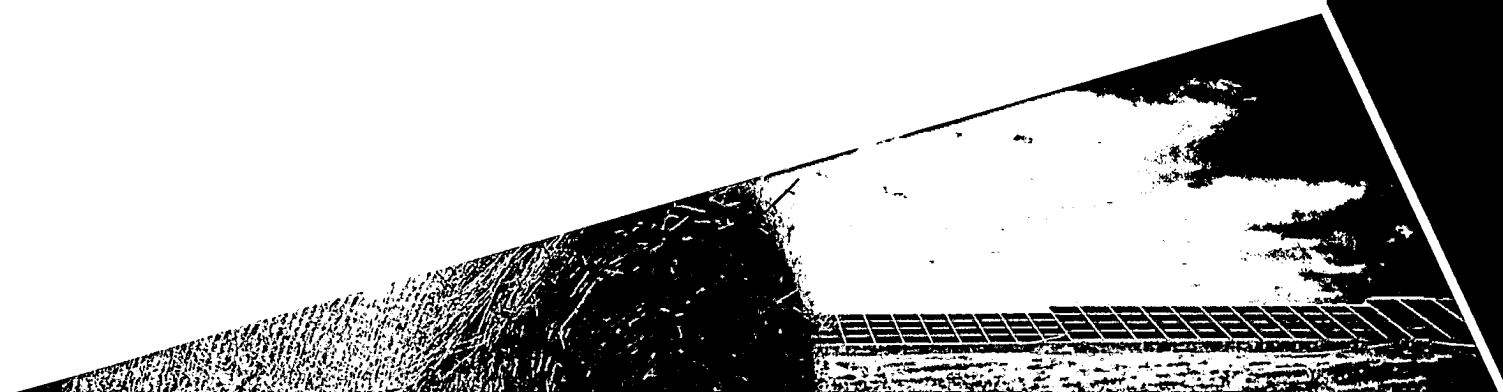
7 Tax on loss (continued)

(c) Factors that may affect future tax charge

The main rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the tax rate applicable for this accounting year is 19%. In March 2020, the UK Government substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 to cancel the reduction in corporate tax rate of 17% and maintain at the rate at 19%. Consequently, deferred tax has been calculated at the year end using a tax rate of 19%.

8 Intangible assets

	Goodwill	Development rights	Total
Group	£'000	£'000	£'000
Cost			
At 1 July 2019	696,444	9,858	706,302
Additions	56,497	357	56,854
Disposals	(40,400)	-	(40,400)
Gain on translation	2,577	82	2,659
At 30 June 2020	715,118	10,297	725,415
Accumulated amortisation			
At 1 July 2019	106,548	209	106,757
Disposals	(1,518)	-	(1,518)
Charge for the year	30,802	416	31,218
Gain on translation	38	-	38
At 30 June 2020	135,870	625	136,495
Net book value			
At 30 June 2020	579,248	9,672	588,920
At 30 June 2019	589,896	9,649	599,545



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

8 Intangible assets (continued)

The gain on translation of foreign currency denominated goodwill is recognised in other comprehensive income. Amortisation of goodwill is charged to administration costs.

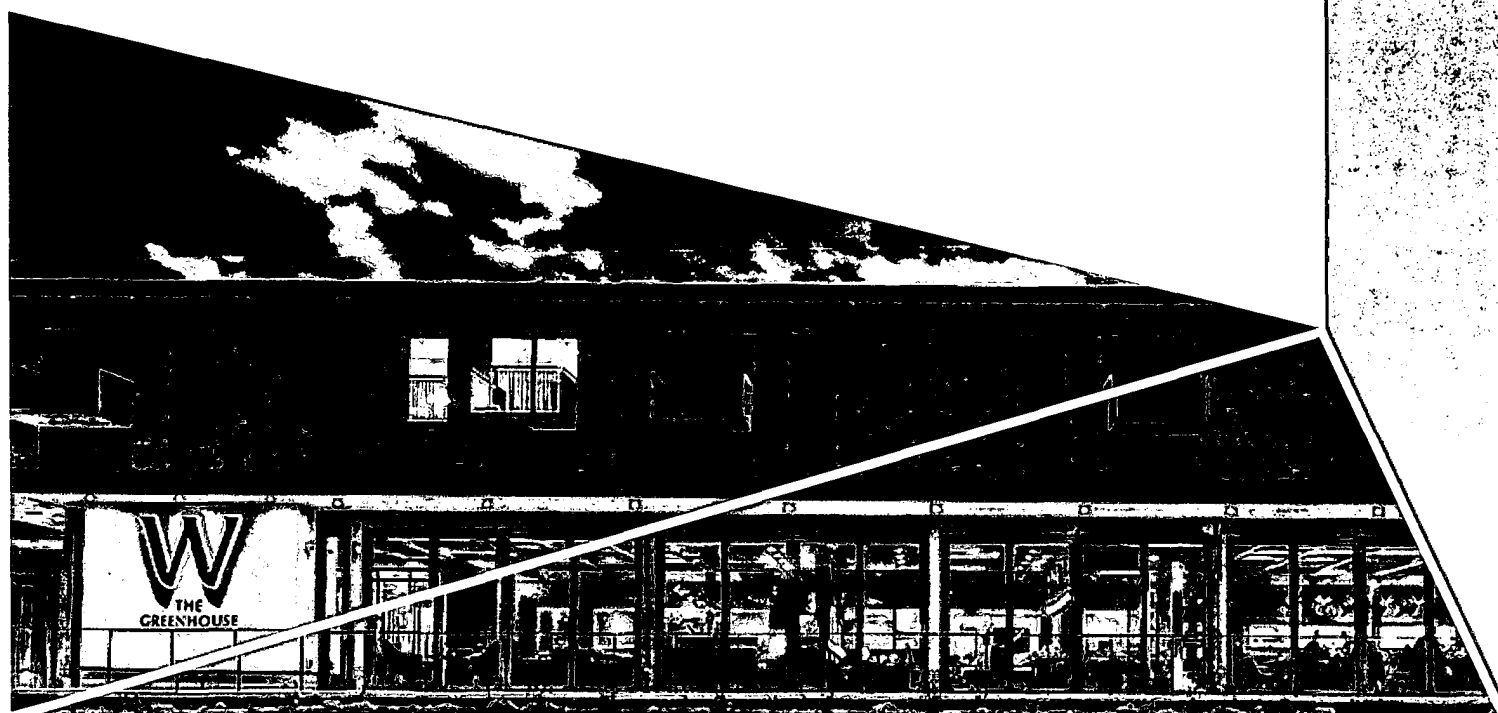
Details of the subsidiaries acquired during the year ended 30 June 2020 can be found in note 26.

On 19 March 2020 a subsidiary of Fern Trading Limited sold eight legal entities for £140,291,000 (net of cash), with a profit on disposal of £17,991,000 being recognised in the profit and loss account.

The legal entities sold are:

- NGE Limited
- Sun Green Energy Limited
- Westerfield Solar Limited
- Chisbon Solar Farm Limited
- Wincelle Solar Limited
- Mingay Farm Limited
- Jura Solar Limited
- Abbots Ripton Solar Energy Limited

The Company had no intangible assets at 30 June 2020 (2019: £Nil).



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

9 Tangible assets

Group	Land and buildings £'000	Power stations £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost					
At 1 July 2019	4,774	162,531	1,202,739	72,874	1,442,918
Additions	1,485	2,673	63,224	154,008	221,390
Acquired through business combinations (note 26)	-	-	214,821	11,453	226,274
FX movement	1	-	5,046	693	5,740
Transfers	-	285	2,088	(2,373)	-
Disposals	(263)	(324)	(120,784)	(838)	(122,209)
At 30 June 2020	5,997	165,165	1,367,134	235,817	1,774,113
Accumulated depreciation					
At 1 July 2019	313	66,311	196,390	-	263,014
Acquired through business combinations (note 26)	-	-	124,959	-	124,959
Charge for the year	644	11,664	61,302	-	73,610
Disposals	(55)	(295)	(28,459)	-	(28,809)
FX movement	-	-	(260)	-	(260)
At 30 June 2020	902	77,680	353,932	-	432,514
Net book value					
At 30 June 2020	5,095	87,485	1,013,202	235,817	1,341,599
At 30 June 2019	4,461	96,220	1,006,349	72,874	1,179,904

Included within tangible assets are capitalised finance costs directly attributable to bringing the asset into use. The net carrying amount of assets held under finance leases included in plant, machinery, fixtures and fittings is £34,395,000 (2019: £35,286,000).

The Company had no tangible assets at 30 June 2020 (2019: £Nil).



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

10 Investments

Group	Joint venture £'000	Unlisted investments £'000	Total £'000
Cost and net book value			
At 1 July 2019	11,398	20,163	31,561
Additions	-	45,129	45,129
Disposals	-	(64,225)	(64,225)
Dividends received	(2,500)	-	(2,500)
Share of profit after tax	2,303	-	2,303
At 30 June 2020	11,201	1,067	12,268
At 30 June 2019	11,398	20,163	31,561

Company	Subsidiary undertakings £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 July 2019	1,446,193	20,163	1,466,356
Additions	1,443,766	45,129	1,488,895
Disposals	(1,522,887)	(64,225)	(1,587,112)
At 30 June 2020	1,367,072	1,067	1,368,139
Accumulated impairments			
At 1 July 2019	319,580	-	319,580
Reversal of impairments	(455,413)	-	(455,413)
Impairments	276,605	-	276,605
At 30 June 2020	140,772	-	140,772
Net book value			
At 30 June 2020	1,226,300	1,067	1,227,367
At 30 June 2019	1,126,613	20,163	1,146,776

Detail of related undertakings are shown in note 28. The additions and disposals of subsidiary undertakings in Fern Trading Limited relate to a group reorganisation that occurred during the year ended 30 June 2020. Cedar Energy and Infrastructure Limited a new subsidiary of Fern Trading Limited purchased the former direct subsidiary undertakings of the Company (The Fern Power Company Limited, Fern Energy Holdings Limited, Fern Trading Development Limited and Eucalyptus Energy Holdings Limited) by way of a share for share exchange.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

Unlisted investments comprise the Company's and the Group's holding of the members' capital of Terido LLP, a lending business, and its shareholding in Bracken Trading Plc. Fern co-founded Terido LLP in October 2012 with the intention of conducting a proportion of its future trade through the partnership. Additions and disposals of unlisted investments relate to investments and divestments in Terido LLP in line with Fern's cash requirements and to utilise surplus funds. Fern has a small shareholding in Bracken Trading Plc from time to time. Fern's investment in Bracken Trading Plc at 30 June 2019 and 30 June 2020 was Enil. The directors do not consider Terido LLP or Bracken Trading Plc to be subsidiary undertakings of Fern Trading Limited.

11 Cash at bank and in hand

Cash includes cash in hand and deposits repayable on demand.

Restricted cash represents cash for which the Group does not have immediate and direct access or for which regulatory or legal requirements restrict the use of the cash.

	Group	
	2020	2019
	£'000	£'000
Cash at bank and in hand	150,452	122,185
Restricted cash	56,236	-
Cash at bank and in hand	206,688	122,185

The Company had a cash balance of £10,149,000 as at 30 June 2020 (2019: £24,719,000), none of which was restricted (2019: ENil).

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

12 Stocks

	Group	
	2020	2019
	£'000	£'000
Ash stock	2,594	2,327
Fuel, spare parts and consumables	17,172	13,368
Property development WIP	55,040	56,707
	74,806	72,402

The amount of stocks recognised as an expense during the year was £46,899,000 (2019: £50,968,000).

Included in the fuel, spare parts and consumables stock value is a provision of £708,000 for unusable fuel stock (2019: £440,000). Included in the ash stock value is a provision of £Nil for slow moving stock (2019: £300,000).

The Company had no stocks at 30 June 2020 (2019: £Nil).

13 Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due after one year				
Loans and advances to customers	179,183	251,989	179,183	251,989
Amounts falling due within one year				
Loans and advances to customers	478,979	367,238	478,979	367,238
Trade debtors	15,977	23,319	1,615	2,263
Amounts owed by group undertakings	-	-	35,757	44,435
Other debtors	5,032	4,535	41	259
Corporation tax	4,233	2,827	563	-
Derivative financial instruments (note 21)	14,901	-	-	-
Prepayments and accrued income	144,244	138,654	55,137	34,408
	842,549	788,562	751,275	700,592

Loans and advances to customers are stated net of provision of £3,323,000 (2019: £5,074,000).

Prepayments and accrued income are stated net of provision of £7,528,000 (2019: £13,979,000).

Amounts owed by group undertakings are unsecured and repayable on demand.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

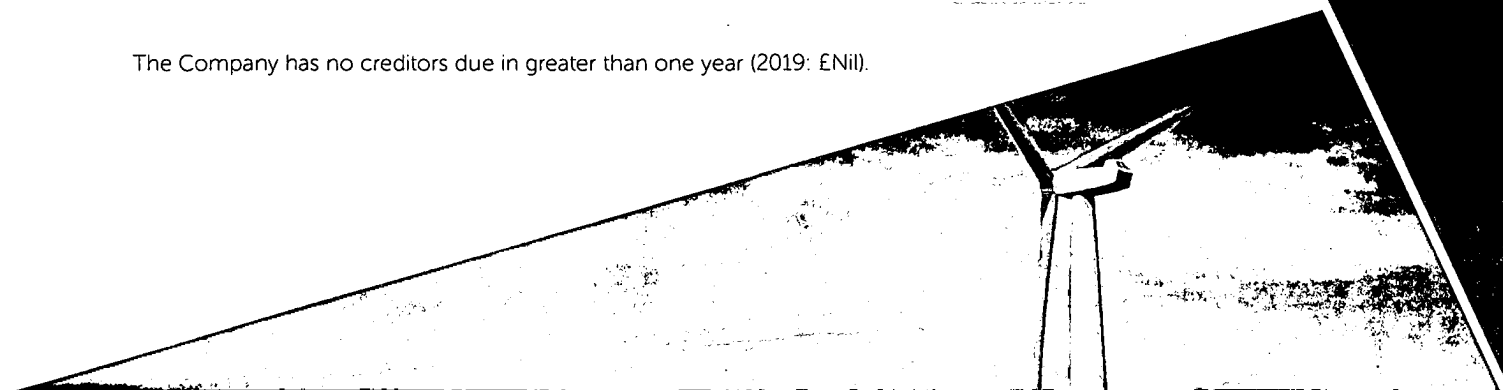
14 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 16)	99,788	54,087	-	15,420
Trade creditors	15,403	28,471	67	1,004
Other loans	8,359	-	-	-
Corporation tax	-	-	-	4,444
Other taxation and social security	19	3,649	1,336	1,791
Other creditors	19,601	10,370	4,798	21,181
Finance leases (note 16)	2,512	2,692	-	-
Derivative financial instruments (note 21)	20,071	-	-	-
Accruals and deferred income	67,060	39,392	8,644	7,285
	232,813	138,661	14,845	51,125

15 Creditors: amounts falling due after more than one year

	Group	
	2020	2019
	£'000	£'000
Amounts falling due between one and five years		
Bank loans and overdrafts (note 16)	269,223	209,185
Other loans	-	8,022
Finance leases (note 16)	2,078	3,992
Derivative financial instruments (note 21)	2,658	-
Other creditors	9,138	-
	283,097	221,199
	Group	
	2020	2019
	£'000	£'000
Amounts falling due after more than and five years		
Bank loans and overdrafts (note 16)	714,480	689,320
Finance leases (note 16)	28,928	29,542
Derivative financial instruments (note 21)	79,651	39,388
	823,059	758,250
Total creditors falling due after more than one year	1,106,156	979,499

The Company has no creditors due in greater than one year (2019: £Nil).



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

15 Creditors: amounts falling due after more than one year (Continued)

Analysis of changes in net debt	As at 1 July 2019	Cash flows	Acquired/ disposed	Fair value and exchange movements	Non-cash changes	As at 30 June 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	122,185	79,732	3,994	777	-	206,688
Bank loans and overdrafts	(952,592)	(124,051)	-	(4,302)	(2,546)	(1,083,491)
Finance leases	(36,226)	4,183	-	-	(1,475)	(33,518)
Derivative financial instruments	(39,388)	14,288	-	(62,379)	-	(87,479)
Total	(906,021)	(25,848)	3,994	(65,904)	(4,021)	(997,800)

Non-cash movements represent effective interest rate adjustments which include debt issue costs

16 Loans and other borrowings

	2020	2019
Group	£'000	£'000
Due in one year	99,788	54,087
Due between one and five years	269,223	209,185
Due in more than five years	714,480	689,320
	1,083,491	952,592

The Company had no bank loans at 30 June 2020 (2019: £15,420,000).

The bank loans are secured against assets of the Group with each loan as held by the subsidiary shown below.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

16. Loans and other borrowings (continued)

	Interest rate	2020 £'000	2019 £'000
Viners Energy Limited	6 month LIBOR plus 2.15%	-	499,047
Viners Energy Limited	6 month LIBOR plus 1.60%	488,179	-
Cedar Energy and Infrastructure Limited	LIBOR/EURIBOR plus 2.00%	32,008	-
Elios Energy 2 Limited	3 month EURIBOR plus 1.20%	10,083	-
Elios Energy 2 Limited	Fixed rate 1.70%	30,250	-
Elios Energy 2 Limited	6 month LIBOR plus 1.20%	-	45,869
Boomerang Energy Limited	6 month LIBOR plus 1.50%	316,627	256,138
Fern Trading Limited	3 month EURIBOR plus 3.10%	-	15,420
Darlington Point Solar Farm Pty Limited	1 month BSSY plus 1.85%	84,682	-
Melton Renewable Energy UK Limited	6 month LIBOR plus 2.35%	121,662	136,118
		1,083,491	952,592

Finance leases

The future minimum finance lease payments are as follows:

	2020 £'000	2019 £'000
Payments due:		
Not later than one year	4,034	4,236
Later than one year and not later than five years	7,604	10,380
Later than five years	69,282	70,371
Total gross payments	80,920	84,987
Less: finance charges	(47,402)	(48,761)
Carrying amount of liability	33,518	36,226

The finance leases primarily relate to a leased building and healthcare equipment. There are no contingent rental, renewal or purchase option clauses. Rents payable increase by local inflation. Finance leases are secured against the leased assets.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

17 Provisions for liabilities

Group	Decommissioning provision £'000	Deferred tax £'000	Total £'000
At 1 July 2019	1,624	30,271	31,895
Acquisitions	4,490	-	4,490
Unwinding of discount	104	-	104
Recognised during the year	5,899	4,566	10,465
Gain on translation	280	-	280
At 30 June 2020	12,397	34,837	47,234

The decommissioning provision is held to cover future obligations to return land on which there are operational wind farms, to its original condition. The amounts are not expected to be utilised for in excess of 25 years.

The Company had no provisions at 30 June 2020 (2019: £Nil).

18 Called up share capital and other reserves

The Group and Company have the following financial instruments:

Group and Company	2020	2019
Allotted, called-up and fully paid	£'000	£'000
1,384,345,215 (2019: 1,323,170,683)		
Ordinary shares of £0.10 each	138,435	132,317

During the year the Group and Company issued 63,139,616 (2019: 69,167,736) ordinary shares of £0.10 each for with an aggregate nominal value of £6,314,000 (2019: £6,917,000). Total consideration of £98,270,000 (2019: £104,440,000) was paid for the shares, giving rise to a premium of £91,956,000 (2019: £96,523,000).

During the year the Group and Company purchased 1,965,086 (2019: £Nil) of its own ordinary shares of £0.10 each with an aggregate nominal value of £196,000 (2019: £Nil). Total consideration of £3,026,000 (2019: £Nil) was paid for the shares, giving rise to a premium of £2,830,000 (2019: £Nil). The shares were immediately cancelled after purchase.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Cash flow hedge reserve

The cash flow hedge reserve is used to record transactions arising from the Group's cash flow hedging arrangements.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

19 Non-controlling interests

The movement in non-controlling interests was as follows:

Group	Note	Group	Total
		2020 £'000	£'000
At 1 July		15,438	-
Acquisition of subsidiary undertakings	26	(2,500)	16,741
Total comprehensive expense attributable to non-controlling interests		(3,368)	(1,303)
At 30 June		9,570	15,438

20 Contingencies

Across the wind portfolio, the Group has committed to make ongoing contributions to community benefit funds which work to support the local communities where the wind farms are located. The commitment is to pay between £2,000 to £5,000 per MW of installed capacity for each site (inflation-indexed), depending on specific planning conditions, over the operating lives of the wind farms, which amounts to an annual commitment of £1,028,000 (2019: £1,098,300) across all sites. 24 (2019: 23) of the Group's UK solar farms also make ongoing community benefit contributions, amounting to an annual commitment of £260,000 (2019: £252,000) (inflation-indexed). The terms of these payments vary by individual site planning requirements, but they are generally in the range of £0.5k to £1.5k per MW of installed capacity annually, for between 7 and 24 years after the start of commercial operations.

21 Financial instruments

Carrying amounts of financial assets and liabilities:

Group	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	679,171	647,082	671,211	666,184
Measured at fair value through other comprehensive income	14,901	-	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,169,510	1,035,681	11,996	22,185
Measured at fair value through other comprehensive income	102,380	39,388	-	-

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

Derivative financial instruments

The Group's financial risk management seeks to minimise the exposure to market risk, credit risk, liquidity and cash flow risk, and energy market risk.

(a) Market risk

Currency risk

The Group presents its consolidated financial statements in sterling and conducts business in a number of other currencies, principally the euro and Australian dollar. Consequently, the Group is exposed to foreign exchange risk due to exchange rate movements, which affect the Group's transactional expenses and the translation of earning and net assets of its non-sterling operations

Transactional exposures

Transactional exposures arise from administrative and other expense in currencies other than the Group's presentational currency (Sterling). The Group enters in to forwards foreign exchange contracts and foreign exchange swaps to mitigate the exchange rate risk for certain foreign currency payables and receipts. The forward currency contracts and swaps are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:AUD and GBP:EUR. On 30 June 2020 the fair value of the foreign currency contracts was an asset of £14,901,000 (2019: £Nil) and a liability of £22,729,000 (2019: £Nil).

Translational exposures

Balance sheet translational exposures arise on consolidation on the retranslation of the balance sheet of non-sterling operations into sterling, the Group's presentational currency. The level of exposure is reviewed by management and the potential foreign exchange movement is within an acceptable level of risk and therefore, typically, the Group's policy is not to actively hedge these exposures.

Interest rate risk

The Group has exposure to fluctuations in interest rates on its borrowings. Where the Group enters into borrowing arrangements with floating rate interest, a swap arrangement is entered into to fix a portion of the interest in order to mitigate against an increase in interest rates. The portion of interest to be fixed is assessed on a case by case basis. Management can elect whether to hedge account for these arrangements on an individual transaction basis and have elected to apply hedge accounting for interest rate swaps. The swaps are based on a principal amount of the loan facility and mature on the same date. On 30 June 2020 the outstanding interest rate swaps have a maturity in excess of five years and the fair value is a liability of £79,651,000 (2019: £39,388,000).

Price risk

The Group is a short- to medium-term lender to the residential property market. To the extent that there is deterioration in the level of house prices that affects the properties that the Group's loans are secured against, there is a risk that the Group may not recoup its full exposure. This is mitigated by the short-term nature of the loans and the conservative level of loan to value that the Group is prepared to lend at.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

(b) Credit risk

Customer credit risk is mitigated through the Group's credit control policies, which are in place to ensure that our customers have an appropriate credit history and are monitored on an ongoing basis.

(c) Liquidity risk

Liquidity risk are managed by ensuring that sufficient cash is available to fund continuing and future operations.

Liquidity risk arises on bank loans in place across the Group and is managed through careful monitoring of covenants and sensible levels of debt. Borrowing is on a long-term basis, whereas our revenue is received throughout the year, as well as interest and redemptions on our short-term loan book. Cash flow risk is managed through ongoing cash flow forecasting to ensure receipts are sufficient to meet liabilities as they fall due.

22 Capital and other commitments

At the year end the Group had capital commitments as follows:

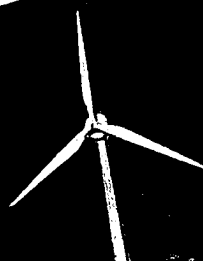
	Company	
	2020 £'000	2019 £'000
Group		
Contracted for but not provided in these financial statements	92,879	206,763
Undrawn facilities on loans to borrowers	101,900	183,370

At 30 June the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payments due:				
Not later than one year	6,945	335	6,978	304
Later than one year and not later than five years	28,023	389	28,122	460
Later than five years	114,697	9	131,163	27
	149,665	733	166,263	791

The Group had no other off-balance sheet arrangements.

The Company had no capital or other commitments at 30 June 2020 (2019: ENiI).



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

23 Events after the end of the reporting period

On 10 July 2020, as part of a group restructure, Fern Trading Group Limited, a newly incorporated company, acquired 100% of the share capital of Fern Trading Limited in a share for share exchange. The purpose of this reorganisation is to provide an improved corporate structure to facilitate future strategic deployment.

On 13 October 2020, Fern Trading Group Limited completed a rights issue. 92,107,879 shares were issued at the October 2020 share price of £1.575. Total consideration received for the rights issue was £145,070,000.

On 31 July 2020 Nordic Power Limited, a subsidiary of Fern Trading Limited, acquired the 10% non-controlling interest in both Saunamaa Wind Farm Oy and Voyrinkangas Wind Farm Oy, bringing its total interest to 100% of both subsidiaries. The Company paid total cash consideration of £7,089,552 (€7,837,500) for net assets of £7,023,000 (€7,763,000).

On 28 October 2020 Elios Energy 3 SAS, a subsidiary of Fern Trading Limited, acquired 100% of CEPE Berceronne SARL. The Company paid a total cash consideration of £5,175,000 (€5,723,000). Given that this has been a recent acquisition the identifiable assets and liabilities at completion and goodwill have yet to be finalised. The Directors therefore consider it impractical to be able to disclose this information in these financial statements. The most recent management accounts as at the 31 October 2020, showed aggregated net liabilities of £72,000 (€80,000).

On 13 October 2020, there was a technical breach in the facility agreement funding the construction of the solar farm in a subsidiary company Darlington Point Solar Farm Pty Limited ("DPSF"). As at the 30 June 2020 the outstanding facility was £84,682,000. The loan facility has no financial reporting covenant requirements until 2021, when formal reporting on covenant compliance is then required. However, there is a clause in the agreement that states until 2021 the Directors are required to report a breach when they become aware of such. Given the nature of the technical breach, the Directors were not aware that a technical breach had occurred until after the year end date. The technical breach was in respect of a hedge effectiveness requirement whereby DPSF was not able to draw down on the facility due to project delays and maintain an effective hedge ratio on its fixed interest rate swaps. The agreement required DPSF to maintain a hedge effectiveness ratio of between 90% to 110% of the facility via an interest rate swap. The delays in the project has resulted in the interest rate swap being above the upper limit required in the agreement. At the point the DPSF became aware of the breach, there was a 15 day remedy period as specified in the facility agreement, which DPSF had to rectify the ineffective hedge. DPSF has notified the lender as required by the agreement and has not received any notice to rectify the technical breach. The Group has obtained legal advice and based on its conclusion, the Group is of the opinion the technical breach does not constitute an event of default that will result in acceleration of the loans under the agreement and are of the view the matter can be remedied. The Group is currently in discussions with the lender in relation to changing the covenant compliance conditions. These discussions are still on-going.

On 27 November 2020, Fern Fibre Limited, a subsidiary of Fern Trading Limited acquired 100% of Vorboss Limited. Given that this has been a recent acquisition the identifiable assets and liabilities at completion and goodwill have yet to be finalised. The Directors therefore consider it impractical to be able to disclose this information in these financial statements. The most recent management accounts as at the 30 September 2020, showed aggregated net assets of £2,100,000.

24 Related party transactions

Under FRS 102 33.1A disclosures need not be given of transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Other than the transactions disclosed below, the Company's other related party transactions were with its wholly owned subsidiary members of the Group.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

24 Related party transactions (continued)

During the year, fees of £62,000 (2019: £60,000) were received by the Group for management and accountancy services provided to Yorkshire Windpower Limited, a joint venture of the Group. At the year end £Nil (2019: £Nil) was outstanding.

During the year, fees of £48,229,000 (2019: £44,222,000) were charged to the Group by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited was recharged legal and professional fees totalling £28,000 (2019: £61,000) by the Group. At the year end, an amount of £44,000 (2019: £Nil) was outstanding which is included in the trade creditors.

The Company is entitled to a profit share as a result of its investment in Terido LLP, a related party due to key management personnel in common. In 2020 a share of profit equal to £945,000 (2019: £1,860,000) has been recognised by the Company. At the year end, the Company has an interest in the member's capital of £1,067,000 (2019: £20,158,000) and accrued income due of £1,096,000 (2019: £3,160,000).

The Company engages in lending activities which include balances provided to related parties. Regarding entities with key management personnel in common loans of £208,870,000 (2019: £187,877,000), accrued income of £24,807,000 (2019: £10,817,000) and deferred income of £1,253,000 (2019: £2,033,000) were outstanding at year end. During the year interest income of £30,163,000 (2019: £34,894,000) and fees of £902,000 (2019: £725,000) was recognised in relation to these loans.

During the year the Group acquired five reserve power companies from companies managed by Octopus Investments Limited, a related party. See note 26 f) - j) for details of the companies acquired.

25 Ultimate parent company and controlling party

In the opinion of the directors, there is no ultimate controlling party.

26 Business combinations

a) Four Burrows Limited & Dyffryn Brodyn Limited

On 7 November 2019, the Group acquired Four Burrows Limited and Dyffryn Brodyn Limited, wind farms through the purchase of 100% of the share capital for £4,223,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	4,223
Directly attributable costs	60
Total consideration	4,283



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book value	Adjustments	Fair value
	£000	£000	£000
Fixed assets	514	-	514
Trade and other receivables	263	-	263
Cash and cash equivalents	1,036	-	1,036
Prepayments and accrued income	404	-	404
Other creditors	(155)	-	(155)
Decommissioning provision	(250)	-	(250)
Net assets acquired	1,812	-	1,812
Goodwill			2,471
Total consideration			4,283

Goodwill resulting from the business combination was £2,471,000 and has an estimated useful life of 7 years, reflecting the lifespan of the assets acquired.

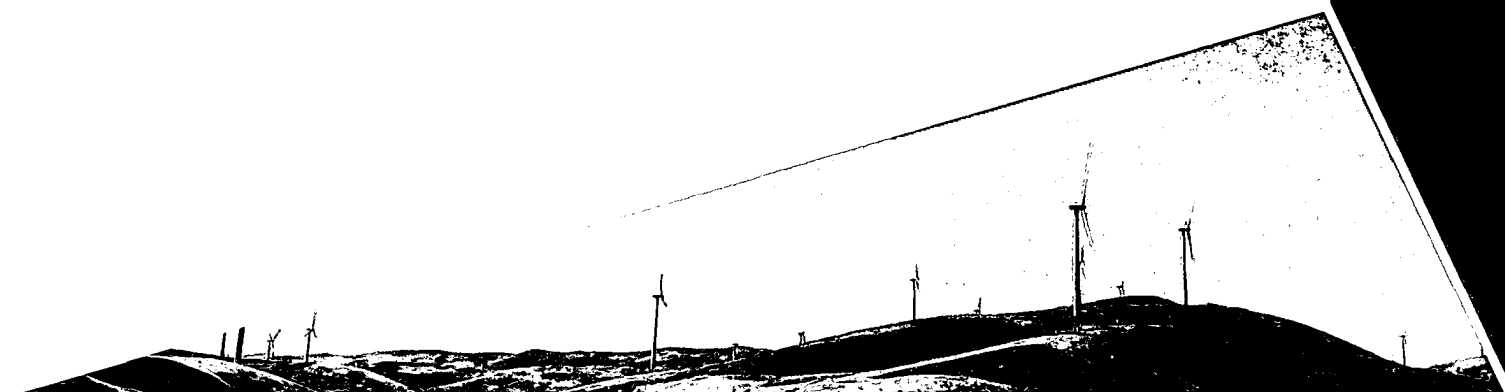
The consolidated statement of comprehensive income for the year include £1,145,000 revenue and a profit after tax of £217,000 in respect of this acquisition.

b) Cark Limited

On 7 November 2019, the Group acquired Cark Limited, a wind farm, through the purchase of 100% of the share capital for £6,802,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	€'000	Exchange rate	£'000
Cash	7,889	1.1598	6,802
Directly attributable costs	102	1.1598	88
Total consideration	7,991	1.1598	6,890



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values	Adjust- ments	Fair value	Book value	Adjustments	Fair value
	€000	€000	€000	£000	£000	£000
Fixed assets	1,193	-	1,193	1,029	-	1,029
Trade and other receivables	285	-	285	245	-	245
Cash and cash equivalents	360	-	360	310	-	310
Prepayments and accrued income	262	-	262	226	-	226
Other creditors	(222)	-	(222)	(191)	-	(191)
Decommissioning provision	(435)	-	(435)	(375)	-	(375)
Net liabilities acquired	1,443	-	1,443	1,244	-	1,244
Goodwill			6,548			5,646
Total consideration			7,991			6,890

Goodwill resulting from the business combination was £5,646,000 and has an estimated useful life of 9 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £1,422,000 revenue and a profit after tax of £307,000 in respect of this acquisition.

c) CEPE Haut du Saule

On 31 October 2019, the Group acquired CEPE Haut du Saule, a French wind farm, through the purchase of 100% of the share capital for £341,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	€'000	Exchange rate	£'000
Cash	395	1.1572	341
Directly attributable costs	251	1.1572	217
Total consideration	646	1.1572	558

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values €'000	Adjustments €'000	Fair value €'000	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	13,069	-	13,069	11,294	-	11,294
Trade and other receivables	2,591	-	2,591	2,238	-	2,238
Cash and cash equivalents	3	-	3	3	-	3
Prepayments and accrued income	169	-	169	146	-	146
Other creditors	(15,549)	-	(15,549)	(13,437)	-	(13,437)
Net liabilities acquired	283	-	283	244	-	244
Goodwill			363			314
Total consideration			646			558

Goodwill resulting from the business combination was £314,000 and has an estimated useful life of 20 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include a loss after tax of £486,000 in respect of this acquisition. There was no revenue recognised in the year.

d) CEPE de Grand Bois SARL, CEPE de La Salesse SARL & CEPE de Lacombe SARL

On 28 November 2019, the Group acquired CEPE de Grand Bois SARL, CEPE de La Salesse SARL & CEPE de Lacombe SARL, French wind farms, through the purchase of 100% of the share capital for £44,473,000 in cash. The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	€'000	Exchange Rate	£'000
Cash	52,140	1.1724	44,473
Directly attributable costs	612	1.1724	522
Total consideration	52,752	1.1724	44,995

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values €'000	Adjustments €'000	Fair value €'000	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	30,951	-	30,951	26,400	-	26,400
Trade and other receivables	722	-	722	617	-	617
Cash and cash equivalents	3,802	-	3,802	3,243	-	3,243
Prepayments and accrued income	960	-	960	819	-	819
Other creditors	(407)	-	(407)	(348)	-	(348)
Decommissioning provision	(1,336)	-	(1,336)	(1,140)	-	(1,140)
Net liabilities acquired	34,692	-	34,692	29,591	-	29,591
Goodwill			18,060			15,404
Total consideration			52,752			44,995

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

Goodwill resulting from the business combination was £15,404,000 and has an estimated useful life of 21 to 24 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £4,043,000 revenue and a loss after tax of £564,000 in respect of this acquisition.

e) CEPE du Pays de Saint Seine SARL & CEPE de Marsanne SARL

On 18 December 2019, the Group acquired CEPE du Pays de Saint Seine SARL & CEPE de Marsanne SARL, French wind farms, through the purchase of 100% of the share capital for £36,947,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

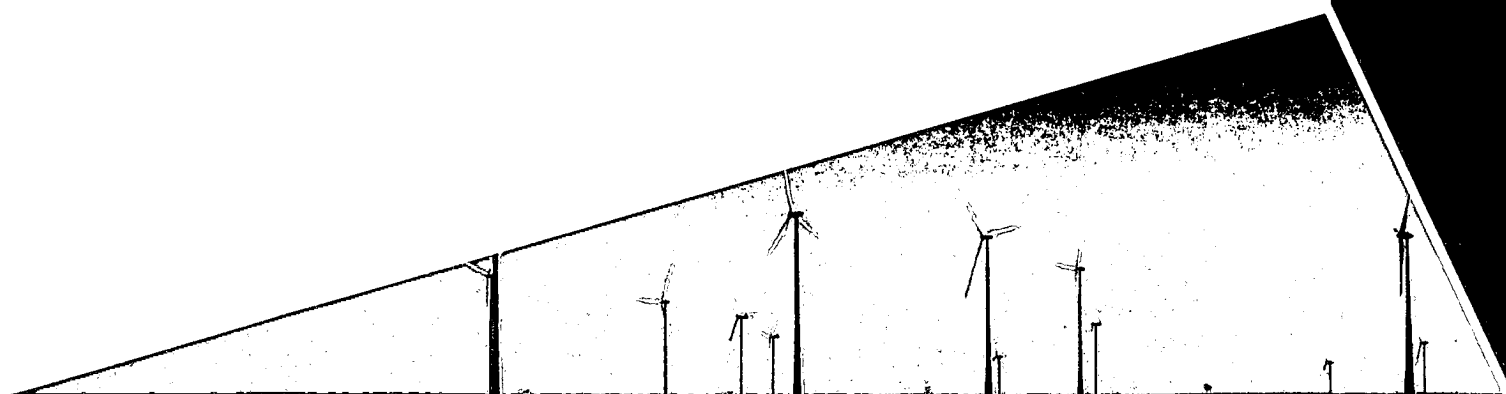
Consideration	Exchange Rate	
	€'000	£'000
Cash	43,413	36,947
Directly attributable costs	281	239
Total consideration	43,694	37,186

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values	Adjustments	Fair value	Book values	Adjustments	Fair value
	€'000	€'000	€'000	£'000	£'000	£'000
Fixed assets	28,406	-	28,406	24,175	-	24,175
Trade and other receivables	3,883	-	3,883	3,304	-	3,304
Cash and cash equivalents	1,642	-	1,642	1,397	-	1,397
Prepayments and accrued income	989	-	989	842	-	842
Other creditors	(420)	-	(420)	(357)	-	(357)
Decommissioning provision	(3,202)	-	(3,202)	(2,725)	-	(2,725)
Net liabilities acquired	31,298	-	31,298	26,636	-	26,636
Goodwill			12,396			10,550
Total consideration			43,694			37,186

Goodwill resulting from the business combination was £10,550,000 and has an estimated useful life of 19 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £6,376,000 revenue and a profit after tax of £2,136,000 in respect of this acquisition.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

f) Harbourn Power Limited acquisition

On 17 December 2019, the Group acquired Harbourn Power Limited, a reserve power site, through the purchase of 100% of the share capital for £11,911,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	11,911
Directly attributable costs	54
Total consideration	11,965

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	8,043	-	8,043
Stock	3	-	3
Trade and other receivables	304	-	304
Cash and cash equivalents	431	-	431
Prepayments and accrued income	225	-	225
Other creditors	(255)	-	(255)
Net liabilities acquired	8,751	-	8,751
Goodwill			3,214
Total consideration			11,965

Goodwill resulting from the business combination was £3,214,000 and has an estimated useful life of 28 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £734,000 revenue and a loss after tax of £140,000 in respect of this acquisition.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

26 Business combinations (continued)

g) Larigan Power Limited acquisition

On 17 December 2019, the Group acquired Larigan Power Limited, a reserve power site, through the purchase of 100% of the share capital for £11,155,000.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

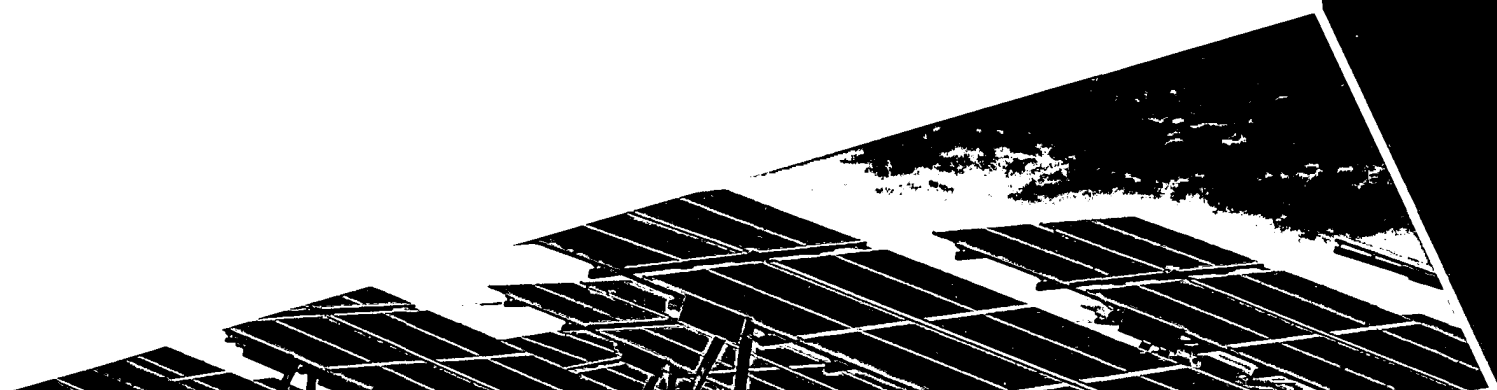
Consideration	£'000
Cash	11,155
Directly attributable costs	62
Total consideration	11,217

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	6,888	-	6,888
Stock	1	-	1
Trade and other receivables	194	-	194
Cash and cash equivalents	321	-	321
Prepayments and accrued income	290	-	290
Other creditors	(395)	-	(395)
Net liabilities acquired	7,299	-	7,299
Goodwill			3,918
Total consideration			11,217

Goodwill resulting from the business combination was £3,918,000 and has an estimated useful life of 28 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £1,204,000 revenue and a loss after tax of £263,000 in respect of this acquisition.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

h) Tillingham Power Limited acquisition

On 17 December 2019, the Group acquired Tillingham Power Limited, a reserve power site, through the purchase of 100% of the share capital for £11,819,000.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	11,819
Directly attributable costs	54
Total consideration	11,873

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	8,180	-	8,180
Stock	1	-	1
Trade and other receivables	290	-	290
Cash and cash equivalents	345	-	345
Prepayments and accrued income	211	-	211
Other creditors	(262)	-	(262)
Net liabilities acquired	8,765	-	8,765
Goodwill			3,108
Total consideration			11,873

Goodwill resulting from the business combination was £3,108,000 and has an estimated useful life of 28 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £739,000 revenue and a loss after tax of £151,000 in respect of this acquisition.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

26 Business combinations (continued)

i) Redlake Power Limited acquisition

On 20 January 2020, the Group acquired Redlake Power Limited, a reserve power site, through the purchase of 100% of the share capital for £10,700,000.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	10,700
Directly attributable costs	54
Total consideration	10,754

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Fixed assets	7,406	-	7,406
Trade and other receivables	102	-	102
Cash and cash equivalents	366	-	366
Prepayments and accrued income	272	-	272
Other creditors	(214)	-	(214)
Net liabilities acquired	7,932	-	7,932
Goodwill			2,822
Total consideration			10,754

Goodwill resulting from the business combination was £2,822,000 and has an estimated useful life of 28 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £737,000 revenue and a loss after tax of £103,000 in respect of this acquisition.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

26 Business combinations (continued)

j) Cadoxton Reserve Power Limited acquisition

On 26 February 2020, the Group acquired Cadoxton Reserve Power Limited, a reserve power site, through the purchase of 100% of the share capital for £10,817,000 in cash.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	10,817
Directly attributable costs	54
Total consideration	10,871

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	7,221	-	7,221
Trade and other receivables	188	-	188
Cash and cash equivalents	363	-	363
Prepayments and accrued income	109	-	109
Other creditors	(202)	-	(202)
Net liabilities acquired	7,679	-	7,679
Goodwill			3,192
Total consideration			10,871

Goodwill resulting from the business combination was £3,192,000 and has an estimated useful life of 30 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include £606,000 revenue and a loss after tax of £176,000 in respect of this acquisition.



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

26 Business combinations (continued)

k) Swish Fibre Limited acquisition

On 17 December 2019, the Group acquired Swish Fibre Limited, a fibre broadband company, through the purchase of 80% of the share capital via a share for share exchange.

The following tables summarise the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration	£'000
Cash	2,500
Directly attributable costs	12
Total consideration	2,512

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets	165	-	165
Trade and other receivables	21	-	21
Cash and cash equivalents	147	-	147
Prepayments and accrued income	12	-	12
Other creditors	(391)	-	(391)
Net liabilities acquired	(46)	-	(46)
Goodwill			2,558
Total consideration			2,512

Goodwill resulting from the business combination was £2,558,000 and has an estimated useful life of 28 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year include a loss after tax of £384,000 in respect of this acquisition.

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

27 Reconciliation of Non-GAAP Financial Measures

Our reported results are prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, as detailed in the Financial Statements starting on page 34 of the Annual Report. In measuring our performance, the financial measures that we use include those that have been derived from our reported results in order to eliminate factors that distort year-on-year comparisons. These are considered non-GAAP financial measures.

Net debt

We provide net debt in addition to cash and gross debt as a way of assessing our overall cash position and it is computed as follows:

	Note	2020 £'000	2019 £'000
Bank loans and overdrafts	16	1,083,491	952,592
Other loans	14, 15	8,359	8,022
Gross debt		1,091,850	960,614
Cash at bank and in hand	11	(206,688)	(122,185)
Net debt		885,162	838,429

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

EBITDA

Earnings before interest, depreciation and amortisation ('EBITDA') is computed by adjusting profit after tax for interest, tax, depreciation and amortisation, in addition to income and expenses that do not relate to the day to day operations of the Group. We provide EBITDA in addition to profit after tax as it allows us to assess our performance without the effects of financing and capital expenditures.

The following table details the adjustments made to the reported results:

	Note	2020 £'000	2019 £'000
Loss for the financial year		(31,354)	(41,610)
Add			
Amortisation of intangible assets	2	31,218	32,932
Depreciation of tangible assets	2	73,610	67,253
Interest payable and similar expenses	6	51,388	71,608
Tax	7	9,324	6,579
Less			
Income from other fixed asset investments		(945)	(1,860)
Share of operating profit in joint venture		(2,303)	(2,380)
Profit on disposal of subsidiaries		(17,991)	(4,919)
Interest receivable and similar income	6	(148)	(141)
EBITDA		112,799	127,462



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

28 Related undertakings

Details of the subsidiary undertakings are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Adalinda Solar SPV 1 Limited	UK	Ordinary	100%	Energy generation
Avenue Solar Farm Limited	UK	Ordinary	100%	Energy generation
Birch Estate Solar Limited	UK	Ordinary	100%	Energy generation
Blaby Solar Farm Limited	UK	Ordinary	100%	Energy generation
BNRG IOW Limited	UK	Ordinary	100%	Energy generation
Bratton Fleming Limited	UK	Ordinary	100%	Energy generation
Breck Solar Limited	UK	Ordinary	100%	Energy generation
Bryn Yr Odyn Solar Developments Limited	UK	Ordinary	100%	Energy generation
Caswell Solar Farm Limited	UK	Ordinary	100%	Energy generation
Causilgey Limited	UK	Ordinary	100%	Energy generation
Chalcroft Solar Park Limited	UK	Ordinary	100%	Energy generation
Chittering Solar Two Limited	UK	Ordinary	100%	Energy generation
Clann Farm Limited	UK	Ordinary	100%	Energy generation
Claramond Solar SPV 1 Limited	UK	Ordinary	100%	Energy generation
Crapnell Farm Limited	UK	Ordinary	100%	Energy generation
Craymarsh Limited	UK	Ordinary	100%	Energy generation
Cressing Solar Farm Limited	UK	Ordinary	100%	Energy generation
Dairy House Solar Limited	UK	Ordinary	100%	Energy generation
Deepdale Farm Solar Limited	UK	Ordinary	100%	Energy generation
Drapers Farm Limited	UK	Ordinary	100%	Energy generation
Eakring Limited	UK	Ordinary	100%	Holding company
Ellicombe Limited	UK	Ordinary	100%	Energy generation
Haymaker (Mount Mill) Limited	UK	Ordinary	100%	Energy generation
Haymaker (Natewood) Limited	UK	Ordinary	100%	Energy generation
Haymaker (Oaklands) Limited	UK	Ordinary	100%	Energy generation
Higher Knapp Farm Limited	UK	Ordinary	100%	Energy generation
Hill End Farm Limited	UK	Ordinary	100%	Energy generation
Hollamoor Limited	UK	Ordinary	100%	Energy generation
Hursit SPV 1 Limited	UK	Ordinary	100%	Energy generation
Lenham Solar Limited	UK	Ordinary	100%	Energy generation
Little T Solar Limited	UK	Ordinary	100%	Energy generation
Littleton Solar Farm Limited	UK	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Lovedean Limited	UK	Ordinary	100%	Energy generation
Luminance Solar Limited	UK	Ordinary	100%	Energy generation
Manston Thorne Limited	UK	Ordinary	100%	Energy generation
Marley Thatch Solar Limited	UK	Ordinary	100%	Energy generation
Meadows Farm Limited	UK	Ordinary	100%	Energy generation
Melbourn Solar Limited	UK	Ordinary	100%	Energy generation
Mill Hill Farm Solar Limited	UK	Ordinary	100%	Energy generation
MSP Decoy Limited	UK	Ordinary	100%	Energy generation
MSP Strete Limited	UK	Ordinary	100%	Energy generation
MSP Tregassow Limited	UK	Ordinary	100%	Energy generation
MTS Hatchlands Solar Limited	UK	Ordinary	100%	Energy generation
New Row Farm Limited	UK	Ordinary	100%	Energy generation
Newlands Solar Limited	UK	Ordinary	100%	Energy generation
Ninnis Farm Limited	UK	Ordinary	100%	Energy generation
North Perrott Fruit Farm Limited	UK	Ordinary	100%	Energy generation
Orta Wedgehill Solar Limited	UK	Ordinary	100%	Energy generation
Palfreys Barton Limited	UK	Ordinary	100%	Energy generation
Parciau Limited	UK	Ordinary	100%	Energy generation
Pearmat Solar 2 Limited	UK	Ordinary	100%	Energy generation
Pitchford (Condoval Airfield & Stockbatch) Limited	UK	Ordinary	100%	Energy generation
Pitts Farm Limited	UK	Ordinary	100%	Energy generation
Pyms Lane Solar Limited	UK	Ordinary	100%	Energy generation
Reaches Farm Limited	UK	Ordinary	100%	Energy generation
Ryston Estate Limited	UK	Ordinary	100%	Energy generation
Singrug Limited	UK	Ordinary	100%	Energy generation
Six Hills Lane (Ragdale) Limited	UK	Ordinary	100%	Energy generation
Slaughtergate Limited	UK	Ordinary	100%	Energy generation
Southcombe Farm Limited	UK	Ordinary	100%	Energy generation
Steadfast Parkhouse Solar Limited	UK	Ordinary	100%	Energy generation
Steadfast Rudge Solar Limited	UK	Ordinary	100%	Energy generation
Steadfast Shipton Belinger Solar Limited	UK	Ordinary	100%	Energy generation
Stellar Power Limited	UK	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
TGC Solar 102 Limited	UK	Ordinary	100%	Energy generation
TGC Solar 102 Limited	UK	Ordinary	100%	Energy generation
TGC Solar 107 Limited	UK	Ordinary	100%	Energy generation
TGC Solar 68 Limited	UK	Ordinary	100%	Energy generation
TGC Solar 83 Limited	UK	Ordinary	100%	Energy generation
The Hollies Solar Farm Limited	UK	Ordinary	100%	Energy generation
Thoresby Estate (Budby) Limited	UK	Ordinary	100%	Energy generation
Tredown Farm Limited	UK	Ordinary	100%	Energy generation
Turves Solar Limited	UK	Ordinary	100%	Energy generation
UKSE 15 Solar Limited	UK	Ordinary	100%	Energy generation
Victoria Solar Limited	UK	Ordinary	100%	Energy generation
Waterloo Solar Park Limited	UK	Ordinary	100%	Energy generation
Week Farm 2 Limited	UK	Ordinary	100%	Energy generation
Westwood Solar Limited	UK	Ordinary	100%	Energy generation
Whiddon Farm Limited	UK	Ordinary	100%	Energy generation
WSE Bradford Limited	UK	Ordinary	100%	Energy generation
WSE Hullavington Limited	UK	Ordinary	100%	Energy generation
WSE Park Wall Limited	UK	Ordinary	100%	Energy generation
WSE Pyde Drove Limited	UK	Ordinary	100%	Energy generation
CEPE de la Salesse SARL ⁸	France	Ordinary	100%	Energy generation
CEPE de Lacombe SARL ⁸	France	Ordinary	100%	Energy generation
CEPE de Marsanne SARL ⁸	France	Ordinary	100%	Energy generation
CEPE du Grand Bois SARL ⁸	France	Ordinary	100%	Energy generation
CEPE Haut du Saule ⁸	France	Ordinary	100%	Energy generation
CEPE Haut du Saule ⁸	France	Ordinary	100%	Energy generation
CEPE La Roche Quatre SARL ⁸	France	Ordinary	100%	Energy generation
CEPE Pays de Saint Seine SARL ⁸	France	Ordinary	100%	Energy generation
Elios Energy 3 France SAS ⁸	France	Ordinary	100%	Energy generation
Darlington Point Holdco Pty Limited ¹⁰	Australia	Ordinary	100%	Holding company
Darlington Point Solar Farm Pty Limited ¹⁰	Australia	Ordinary	91%	Holding company
Darlington Point Subholdco Pty Limited ¹⁰	Australia	Ordinary	100%	Holding company
Agrisol 2 SARL ^{*4}	France	Ordinary	100%	Energy generation
Batisolaire 5 SARL ⁴	France	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Batisolaire 7 SARL ⁴	France	Ordinary	100%	Holding company
Elecsol Camargue SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 07 SARL ⁴	France	Ordinary	90%	Energy generation
Elecsol France 11 SARL ⁴	France	Ordinary	90%	Energy generation
Elecsol France 15 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 19 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 22 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 24 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 25 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 28 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol France 41 SARL ⁴	France	Ordinary	100%	Energy generation
Elecsol Haut Var SARL ⁴	France	Ordinary	100%	Energy generation
Elios Energy 2 France SAS ⁴	France	Ordinary	100%	Holding company
Sammatt SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi LP08 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP01 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP02 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP04 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP05 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP08 SARL ⁴	France	Ordinary	100%	Energy generation
Solarfi SP10 SARL ⁴	France	Ordinary	100%	Energy generation
Voltafrance 01 SARL ⁴	France	Ordinary	100%	Energy generation
Voltafrance 05 SARL ⁴	France	Ordinary	100%	Energy generation
Voltafrance 13 SARL ⁴	France	Ordinary	100%	Energy generation
Voltafrance SARL ⁴	France	Ordinary	100%	Energy generation
Banbury Power Limited	UK	Ordinary	100%	Energy generation
Cadoxton Reserve Power Limited	UK	Ordinary	100%	Energy generation
Cynon Power Limited	UK	Ordinary	100%	Energy generation
Dafen Reserve Power Limited	UK	Ordinary	100%	Energy generation
Harbourne Power Limited	UK	Ordinary	100%	Energy generation
Larigan Power Limited	UK	Ordinary	100%	Energy generation
NeVERN Power Limited	UK	Ordinary	100%	Energy generation
Redlake Power Limited	UK	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Tillingham Power Limited	UK	Ordinary	100%	Energy generation
Westwood Power Limited	UK	Ordinary	100%	Energy generation
Saunamaa Wind Farm Oy ⁹	Finland	Ordinary	100%	Energy generation
Voyrinkangas Wind Farm Oy ⁹	Finland	Ordinary	100%	Energy generation
Elios Energy 2 Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings 2 Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings 3 Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings Limited	UK	Ordinary	100%	Holding company
Elios Renewable Energy Limited	UK	Ordinary	100%	Holding company
Eucalyptus Energy Holdings Limited	UK	Ordinary	100%	Holding company
Eucalyptus Energy Limited	UK	Ordinary	100%	Holding company
Fern Energy Holdings Limited	UK	Ordinary	100%	Holding company
Fern Energy Limited	UK	Ordinary	100%	Holding company
Fern Trading Development Limited	UK	Ordinary	100%	Holding company
Nordic Power Development Limited	UK	Ordinary	100%	Holding company
The Fern Power Company Limited	UK	Ordinary	100%	Holding company
Viners Energy Limited	UK	Ordinary	100%	Holding company
Cedar Energy and Infrastructure Limited	UK	Ordinary	100%	Holding company
Fern Fibre Limited	UK	Ordinary	100%	Holding company
Fern Healthcare Holdings Limited	UK	Ordinary	100%	Holding company
Jurassic Fibre Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford Retirement Living Holdings Limited	UK	Ordinary	100%	Holding company
Swish Trading Limited	UK	Ordinary	80%	Holding company
Auchencarroch Energy Limited ^{2**}	UK	Ordinary	100%	Energy generation
Beetley Energy Limited ^{**}	UK	Ordinary	100%	Energy generation
Beighton Energy Limited ^{**}	UK	Ordinary	100%	Energy generation
Bellhouse Energy Limited ^{**}	UK	Ordinary	100%	Energy generation
Bolam Energy Limited ^{**}	UK	Ordinary	100%	Energy generation
Cathkin Energy Limited ^{2**}	UK	Ordinary	100%	Energy generation
Chelson Meadow Energy Limited ^{**}	UK	Ordinary	100%	Energy generation
Cilgwyn Energy Limited [*]	UK	Ordinary	100%	Dormant company
CLP Developments Limited [*]	UK	Ordinary	100%	Dormant company
CLP Envirogas Limited ^{**}	UK	Ordinary	100%	Holding company

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
CLP Services Limited*	UK	Ordinary	80%	Holding company
CLPE 1991 Limited*	UK	Ordinary	100%	Dormant company
CLPE 1999 Limited**	UK	Ordinary	100%	Holding company
CLPE Holdings Limited**	UK	Ordinary	100%	Holding company
CLPE Projects 1 Limited**	UK	Ordinary	100%	Holding company
CLPE Projects 2 Limited**	UK	Ordinary	100%	Holding company
CLPE Projects 3 Limited**	UK	Ordinary	100%	Holding company
CLPE ROC - 1 Limited**	UK	Ordinary	100%	Energy generation
CLPE ROC - 2 Limited**	UK	Ordinary	100%	Energy generation
CLPE ROC - 3 Limited**	UK	Ordinary	100%	Energy generation
CLPE ROC - 3A Limited**	UK	Ordinary	100%	Energy generation
CLPE ROC - 4 Limited**	UK	Ordinary	100%	Energy generation
CLPE ROC - 4A Limited**	UK	Ordinary	100%	Energy generation
Colsterworth Energy Limited**	UK	Ordinary	100%	Energy generation
Connon Bridge Energy Limited**	UK	Ordinary	100%	Energy generation
Cotesbach Energy Limited**	UK	Ordinary	100%	Energy generation
Energy Power Resources Limited**	UK	Ordinary	100%	Energy project development and management services
EPR Ely Limited**	UK	Ordinary	100%	Energy generation
EPR Eye Limited**	UK	Ordinary	100%	Energy generation
EPR Glanford Limited**	UK	Ordinary	100%	Energy generation
EPR Renewable Energy Limited**	UK	Ordinary	100%	Holding company
EPR Scotland Limited ^{3**}	UK	Ordinary	100%	Energy generation
EPR Thetford Limited**	UK	Ordinary	100%	Energy generation
Feltwell Energy Limited**	UK	Ordinary	100%	Energy generation
Fibrophos Limited**	UK	Ordinary	100%	Supply of fertiliser
Garlaff Energy Limited ^{2*}	UK	Ordinary	100%	Dormant company
Jameson Road Energy Limited**	UK	Ordinary	100%	Energy generation
March Energy Limited**	UK	Ordinary	100%	Energy generation
Melton LG Energy Limited**	UK	Ordinary	100%	Holding company
Melton LG Holding Limited**	UK	Ordinary	100%	Holding company
Melton LG ROC Limited**	UK	Ordinary	100%	Asset leasing company

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Melton Renewable Energy (Holdings) Limited**	UK	Ordinary	100%	Holding company
Melton Renewable Energy (Holdings) Limited**	UK	Ordinary	100%	Holding company
Melton Renewable Energy Newco Limited**	UK	Ordinary	100%	Holding company
Melton Renewable Energy UK Limited	UK	Ordinary	100%	Holding company
Queen's Park Road Energy Limited**	UK	Ordinary	100%	Energy generation
Skelbrooke Energy Limited**	UK	Ordinary	100%	Energy generation
Stoneyhill Energy Limited**	UK	Ordinary	100%	Dormant company
Summerston Energy Limited**	UK	Ordinary	100%	Energy generation
Todhills Energy Limited**	UK	Ordinary	100%	Energy generation
United Mines Energy Limited**	UK	Ordinary	100%	Energy generation
Wetherden Energy Limited**	UK	Ordinary	100%	Energy generation
Whinney Hill Energy Limited**	UK	Ordinary	100%	Energy generation
Yorkshire Windpower Limited ¹	UK	Ordinary	50%	Energy generation
One Ashford Healthcare Limited	UK	Ordinary	89%	Provision of healthcare services
One Hatfield Hospital Limited	UK	Ordinary	90%	Provision of healthcare services
One Healthcare Partners Limited	UK	Ordinary	85%	Holding company
Rangeford Care Limited*	UK	Ordinary	100%	Care services for a retirement village
Rangeford Chigwell Limited*	UK	Ordinary	100%	Dormant company
Rangeford Cirencester Limited	UK	Ordinary	100%	Retirement village development
Rangeford Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford Pickering Limited	UK	Ordinary	100%	Retirement village development
Rangeford RAP Limited	UK	Ordinary	100%	Retirement village development
Wadswick Green Limited*	UK	Ordinary	100%	Retirement village operator
Wadswick Green Property Services Limited	UK	Ordinary	100%	Service charge administrator
Swish Fibre Limited	UK	Ordinary	100%	Holding company
Swish Fibre Services Limited	UK	Ordinary	100%	Fibre network production

4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020

(continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Jurassic Fibre Limited	UK	Ordinary	100%	Fibre network production
Auquhirie Land Company Limited ⁵	UK	Ordinary	100%	Energy generation
Beinneun Wind Farm Limited	UK	Ordinary	100%	Energy generation
Cour Wind Farm (Scotland) Limited ⁵	UK	Ordinary	100%	Energy generation
Fraisthorpe Wind Farm Limited	UK	Ordinary	100%	Energy generation
Grange Wind Farm Limited	UK	Ordinary	100%	Energy generation
Cark Limited ⁶	Ireland	Ordinary	100%	Energy generation
Dyffryn Brodyn Limited	UK	Ordinary	100%	Energy generation
Four Burrows Limited	UK	Ordinary	100%	Energy generation
Glenchamber Wind Energy Limited ⁷	UK	Ordinary	100%	Energy generation
Wryde Croft Wind Farm Limited ⁷	UK	Ordinary	100%	Energy generation
Boomerang Energy Limited	UK	Ordinary	100%	Holding company
Fern Energy Cour Holdings Limited ⁵	UK	Ordinary	100%	Holding company
Fern Energy Wind Holdings Limited	UK	Ordinary	100%	Holding company
Helm Power 2 Limited	UK	Ordinary	100%	Holding company
Helm Power Limited	UK	Ordinary	100%	Holding company
Abbots Ripton Solar Energy Holding Limited*	UK	Ordinary	100%	Holding company
Beinneun Holdings Limited*	UK	Ordinary	100%	Holding company
Beinneun Wind Farm Extension Limited*	UK	Ordinary	100%	Dormant company
Boreas Energy Limited	UK	Ordinary	100%	Holding company
Bryn Yr Odyn Solar Developments Holdings Limited*	UK	Ordinary	100%	Holding company
Caicias Energy Limited	UK	Ordinary	100%	Holding company
Chisbon Solar Farm Holdings Limited*	UK	Ordinary	100%	Holding company
Cour WindFarm Holdings Limited ⁵	UK	Ordinary	100%	Holding company
Elios Energy DS3 Holdings 1 Limited*	UK	Ordinary	100%	Holding company
Elios Energy DS3 Holdings 2 Limited*	UK	Ordinary	100%	Holding company
Elios Energy DS3 Holdings 3 Limited*	UK	Ordinary	100%	Holding company
Fern Energy (Grange) Limited*	UK	Ordinary	100%	Holding company
Fern Energy Jupiter Acquisitions Limited*	UK	Ordinary	100%	Dormant company
Fern Energy Partnership Holdings Limited*	UK	Ordinary	100%	Holding company
Fern Energy Ridgewind Acquisitions Limited*	UK	Ordinary	100%	Holding company

4 | FINANCIAL STATEMENTS 30 JUNE 2020

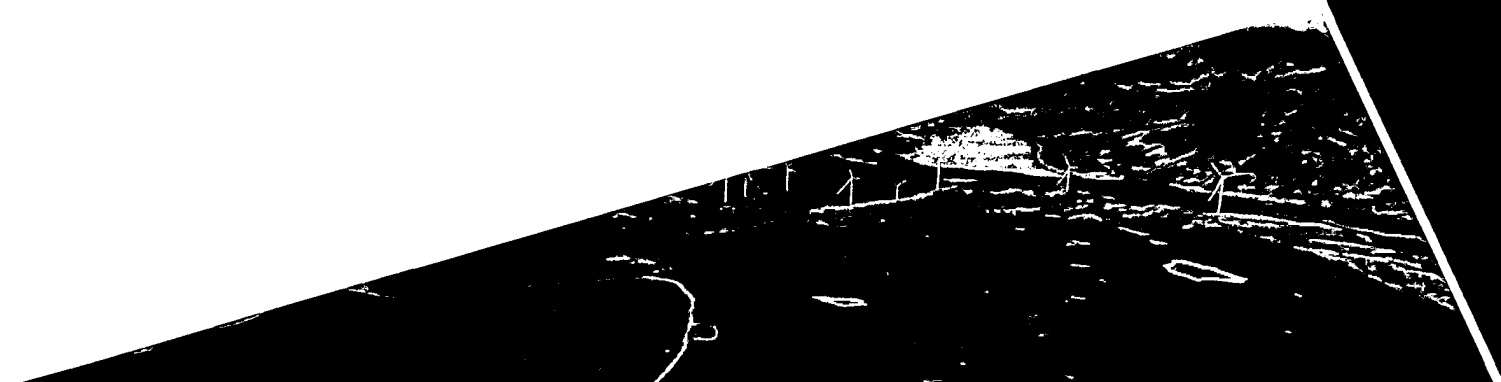
Notes to the financial statements for the year ended 30 June 2020 (continued)

28 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Fern Energy Ridgewind Acquisitions Number 2 Limited*	UK	Ordinary	100%	Dormant company
Fern Energy RidgeWind Holdings Limited*	UK	Ordinary	100%	Dormant company
Fern Energy Whiteside Holdings Limited*	UK	Ordinary	100%	Dormant company
Fern Renewable Energy Limited	UK	Ordinary	100%	Holding company
Fraisthorpe (Holding) Limited*	UK	Ordinary	100%	Holding company
Haymaker (Natewood) Holdings Limited*	UK	Ordinary	100%	Holding company
Haymaker (Oaklands) Holdings Limited*	UK	Ordinary	100%	Holding company
Mingay Farm Holding Limited*	UK	Ordinary	100%	Holding company
Notos Energy Limited	UK	Ordinary	100%	Holding company
Orta Wedgehill Solar Holdings Limited*	UK	Ordinary	100%	Holding company
Parciau Holdings Limited*	UK	Ordinary	100%	Holding company
Porthos Solar Holdings Limited*	UK	Ordinary	100%	Holding company
Porthos Solar Limited*	UK	Ordinary	100%	Holding company
Rangeford Capital Limited*	UK	Ordinary	100%	Dormant company
Ridge Wind Acquisition Limited*	UK	Ordinary	100%	Holding company
Singrug Holdings Limited*	UK	Ordinary	100%	Holding company
Sulis Energy Holdings Limited*	UK	Ordinary	100%	Holding company
Sulis Energy Limited*	UK	Ordinary	100%	Holding company
Waterloo Solar Park Holdings Limited*	UK	Ordinary	100%	Holding company
Wincelle Solar Holdings Limited*	UK	Ordinary	100%	Holding company
WSE Hullavington Holdings Limited*	UK	Ordinary	100%	Holding company

* Subsidiaries exempt from audit by virtue of s448A of the Companies Act 2006

** Subsidiaries exempt from audit by virtue of s479A of the Companies Act 2006



4 | FINANCIAL STATEMENTS 30 JUNE 2020

Notes to the financial statements for the year ended 30 June 2020 (continued)

28 Related undertakings (continued)

On 10 July 2020, Fern Trading Group Limited acquired 100% of the share capital of Fern Trading Limited as part of a group restructure. From this date Fern Trading Group Limited became the immediate parent company of Fern Trading Limited and its subsidiaries. Cedar Energy and Infrastructure Limited, Fern Fibre Limited and Fern Healthcare Holdings Limited are held directly by the Company. All other subsidiaries are held indirectly.

The registered office of all companies listed above is 6th Floor, 33 Holborn, London, EC1N 2HT except for those set out below:

1. Westwood Way, Westwood Business Park, Coventry, CV4 8LG
2. Pinsent Masons LLP, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9AQ
3. 91 West George Street, Glasgow, G2 2LD
4. 22 rue Alphonse de Newville, 75017 Paris, 17eme arrondissement, France
5. 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EN, United Kingdom
6. 6th Floor, 2 Grand Canal Square, Dublin 2, D02 A342, Ireland
7. Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR, United Kingdom
8. Zone Industrielle de Courtine 330 Rue du Mourelet 84000 Avignon, France
9. Teknobulevardi 3-5, 01530 Vantaa, Finland
10. Level 1, 34-35 South Steyne, Manly NSW 2095, Australia

The directors believe that the carrying value of the investments is supported by their underlying net assets.

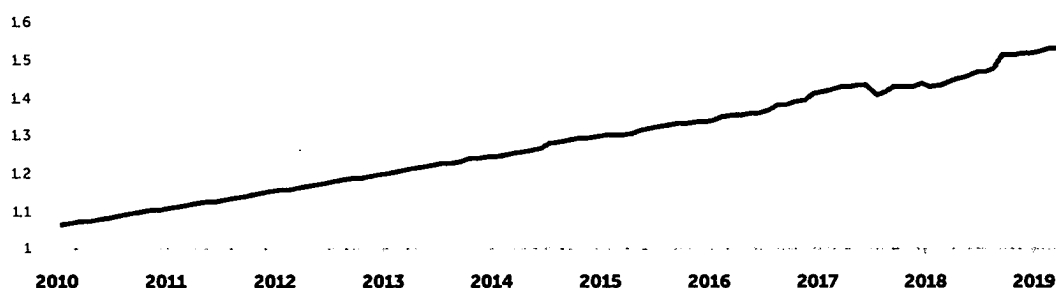


5 | APPENDIX – SHARE PRICE PERFORMANCE (UNAUDITED)

Fern's share price has performed in line with targets

Fern Trading Limited is an unlisted company. Every month, our Board of Directors agrees a price at which it will be willing to issue new shares. The share price is unaudited.

Share price growth since inception: Fern Trading Limited



Performance is calculated based on the sale price for Fern's shares at 2 June each year. The share price is not subject to audit by PwC.

Annual discrete performance

Financial Year	Discrete share price performance
June 2019 - 20	0.33%
June 2018 - 19	6.23%
June 2017 - 18	1.75%
June 2016 - 17	5.55%
June 2015 - 16	3.83%
June 2014 - 15	4.00%
June 2013 - 14	3.73%
June 2012 - 13	3.98%
June 2011 - 12	4.10%
June 2010 - 11	4.21%

Source: Octopus Investments Limited, 2 June 2020.

6 | COMPANY INFORMATION

Directors and advisers

Directors

PS Latham
KJ Willey
PG Barlow

On 4 August 2020, KJ Willey and PG Barlow resigned as Directors of Fern Trading Limited and were appointed as Directors of Fern Trading Group Limited. E Fellows and R Skinner were appointed as Directors of Fern Trading Limited on the same day.

Company secretary

Octopus Company Secretarial Services Limited

Company number

06447318

Registered office

6th Floor, 33 Holborn, London EC1N 2HT

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Central Square South, Orchard Street
Newcastle upon Tyne NE1 3AZ

Forward-looking statements

This Annual Report contains certain forward-looking statements related to the Company's future business and financial performance and future events or developments. These statements are based on the current knowledge and expectations of management and are subject to assumptions, risks and uncertainties, some of which are related to factors that are beyond the control of the Company. Accordingly, no assurance can be given that any particular expectation will be met and forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Past performance cannot be relied on as a guide to future performance. Nothing in this Annual Report should be construed as a profit forecast.

