

The Fern Power Company Limited
Annual report and financial statements
for the year ended 30 June 2021

WEDNESDAY



ABØVXX4P

A13

30/03/2022

#224

COMPANIES HOUSE

The Fern Power Company Limited

Contents

	Page(s)
Company information	1
Strategic report	2 - 3
Directors' report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 17

The Fern Power Company Limited

Company Information

Directors

P S Latham
M G Setchell
E W Fellows

Company secretary

Octopus Company Secretarial Services Limited

Registered number

08836542

Registered office

6th Floor
33 Holborn
London
England
EC1N 2HT

The Fern Power Company Limited

Strategic report for the year ended 30 June 2021

Introduction

The directors present their strategic report on Elios Energy Holdings 3 Limited (the "company") for the year ended 30 June 2021.

Principal activities and business review

The Fern Power Company Limited is 100% owned by Cedar Energy and Infrastructure Limited; its ultimate parent company is Fern Trading Limited. The principal activity of the company is that of a holding company.

Despite the impact of COVID-19, the underlying subsidiaries performed well for the year ended 30 June 2021, and continue to be underpinned by strong operational performance across the portfolio.

The results for the company for the year ended 30 June 2021 and financial position as at that date were in line with expectations.

Principal risks and uncertainties

The company's financial risk management seeks to minimise the exposure to energy market risk and performance risk.

Energy market risk

There is a risk that subsidiary energy sites could fail to achieve forecast levels of income due to changes in energy prices or government subsidies.

Performance risk

Unpredictable weather conditions and operational availability could impact revenue generated from subsidiary energy sites.

Performance risk is mitigated through the group's operational strategy. The servicing of assets is optimised to maximise availability and limit downtime. This is achieved through performance-backed contractual obligations of key service providers, implementing a spares strategy and enhanced data monitoring to enable faster response times and limit downtime.

Brexit

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, in which time the UK and EU negotiated additional arrangements and concluded the "Trade and Cooperation Agreement". The directors have considered the impact on the company regarding the agreed exit terms within the agreement and wider regulatory and legal implications within these statutory financial statements and will continue to do so.

The Fern Power Company Limited

Strategic report (continued) for the year ended 30 June 2021

Statement by the Directors in performance of their statutory duties in accordance with s172(1)(a) to (f) Companies Act 2006

The directors have considered the interest of other stakeholders within the Directors' report, which will have an impact on the long-term success of the company when performing their duty to promote the success of the company under s172. The directors view the key stakeholders of the company to be shareholders, suppliers and borrowers. When making decisions, each director ensures that he acts in the way he considers, in good faith and would most likely promote the company's success for the benefit of its members. The directors make the following considerations when considering promoting the success of the company:

- When making decisions, the directors give careful consideration to the impact of those decisions on both the company and broader stakeholders. This is achieved by considering any new deals or suppliers on a case-by-case basis and assessing the impact on the long-term objectives of the company, as well as the impact on and reputation of the other party. In doing so, the directors also consider the impact on other stakeholders, in particular the shareholders.
- The company 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 fair and transparent tender process' which includes an assessment of the impact on the long-term objectives of the company.
- The company ensures that outsourced activities are with reputable suppliers who meet all the relevant industry and regulatory commitments as well as treating employees fairly. This is stated in agreements with outsourcers and adherence to this is monitored by the company management team.
- The company treats all suppliers and customers fairly, endeavouring to pay invoices within the terms of the contract. Any disputes are resolved promptly with key relationship personnel.
- Through the activities in which the company's subsidiaries operate, a positive contribution is made to the environment and economy through generation of renewable energy, helping the UK meet its renewable energy targets.

Business ethics and governance considerations have been discussed within the Directors' report. The directors understand the business and the evolving environment in which we operate and have considered the businesses specific risks and uncertainties within this strategic report .

Financial key performance indicators

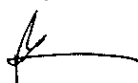
The company focuses on capital preservation. In the case of its operational subsidiaries, performance is measured by revenue and EBITDA and compared against the budget set at the beginning of the year. On a quarterly basis, performance is measured against detailed financial forecast model and a returns target set at inception. Results thus far have been in line with expectations.

Objectives and strategies

The directors do not expect any change in the company's activities during the next financial year.

This report was approved by the board on

26 March 2022 and signed on its behalf.



P S Latham
Director

The Fern Power Company Limited

Directors' report for the year ended 30 June 2021

The directors present their report and the unaudited financial statements of the company for the year ended 30 June 2021.

Share capital

On 20 April 2021, the company issued 43,836,220 ordinary shares of £0.01 each for a total consideration of £43,836,220.

Dividend

During the year a dividend was paid of £nil (2020: £9,130,000).

Going concern

The financial statements have been prepared on the going concern basis. The directors have assessed the effects of COVID-19 on the company's ability to meet its liabilities as they fall due, and determined that based on recent trading of the company and revised projections, the pandemic is not expected to have a significant impact on the company's business. Further, the ultimate controlling party, Fern Trading Limited, will continue to support the operations of the company for a period of at least 12 months from the date on which the financial statements are approved. The directors will continue to monitor the situation and take any necessary actions to minimise the possible impacts of COVID-19.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

J C N Digges (resigned 21 September 2021)
P S Latham
M G Setchell
E W Fellows (appointed 21 September 2021)

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.

The Fern Power Company Limited

Directors' report (continued) for the year ended 30 June 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with 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 true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising the FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Qualifying third party indemnity provisions

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.

Post balance sheet events

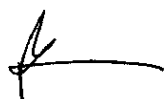
On 2 July 2021, the company acquired 100% of the share capital of nine Reserve Power companies for an equity consideration of £18.

Audit exemption

The directors consider that the company is entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006. Under the provisions of section 479C of the Companies Act 2006, Fern Trading Limited, the ultimate parent company, has given a statutory guarantee of all the outstanding liabilities to which the company is subject at 30 June 2021.

This report was approved by the board on

26 March 2022 and signed on its behalf.



P S Latham
Director

The Fern Power Company Limited

Statement of comprehensive income for the year ended 30 June 2021

		2021 £'000	2020 £'000
Administrative expenses	4	(7)	(2)
Operating loss		<u>(7)</u>	<u>(2)</u>
Impairment charge of investments		(862)	(1,080)
Impairment of intercompany loan		(20,400)	(4,498)
Interest receivable and similar income	6	8,046	5,257
Profit/(loss) on ordinary activities before taxation		<u>(13,223)</u>	<u>(323)</u>
Tax on loss	7	(1,539)	-
Loss for the financial year		<u><u>(14,762)</u></u>	<u><u>(323)</u></u>

All amounts above relate to continuing operations.

The company has no items of other comprehensive income for the current or proceeding financial period. Therefore no separate statement of other comprehensive income has been presented.

The notes on pages 9 to 17 form part of these financial statements.

The Fern Power Company Limited

Registered number: 08836542

Balance sheet as at 30 June 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	8		1,102		1,964
Current assets					
Debtors	9	133,895		102,703	
Cash at bank and in hand		199		227	
		<u>134,094</u>		<u>102,930</u>	
Creditors: amounts falling due within one year	10	(4,092)		(2,864)	
Net current assets			<u>130,002</u>		<u>100,066</u>
Total assets less current liabilities			<u>131,104</u>		<u>102,030</u>
Net assets			<u>131,104</u>		<u>102,030</u>
Capital and reserves					
Called up share capital	11		1,456		1,018
Share premium account			144,144		100,746
Retained earnings			(14,496)		266
Total shareholders' funds			<u>131,104</u>		<u>102,030</u>

For the year ended 30 June 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 March 2022

P S Latham
Director



The notes on pages 9 to 17 form part of these financial statements.

The Fern Power Company Limited

Statement of changes in equity for the year ended 30 June 2021

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 July 2019	474	46,944	589	48,007
Loss for the financial year	-	-	(323)	(323)
Shares issued during the year	635	62,841	-	63,476
Cancellation of called up share capital	(91)	(9,039)	9,130	-
Distribution to shareholders	-	-	(9,130)	(9,130)
At 1 July 2020	1,018	100,746	266	102,030
Loss for the financial year	-	-	(14,762)	(14,762)
Shares issued during the year	438	43,398	-	43,836
At 30 June 2021	1,456	144,144	(14,496)	131,104

The notes on pages 9 to 17 form part of these financial statements.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

1. General information

The Fern Power Company Limited is a private company, limited by shares, incorporated in and domiciled in England, the United Kingdom, registered number: 08836542. The registered office is 6th Floor, 33 Holborn, London, England, EC1N 2HT.

The company is the parent company of a group of companies of which the principal activities are that the operation of reserve power plants.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see note 3).

The company's functional and presentation currency is the pound sterling.

The following principal accounting policies have been applied:

2.2 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, required under Section 7 of FRS 102 and para 3.17(d);
- from disclosing the company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group.

2.3 Consolidation

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as a parent undertaking of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Fern Trading Limited, a company incorporated in England, the United Kingdom.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on the going concern basis. The directors have assessed the effects of COVID-19 on the company's ability to meet its liabilities as they fall due, and determined that based on recent trading of the company and revised projections, the pandemic is not expected to have a significant impact on the company's business. Further, the ultimate controlling party, Fern Trading Limited, will continue to support the operations of the company for a period of at least 12 months from the date on which the financial statements are approved. The directors will continue to monitor the situation and take any necessary actions to minimise the possible impacts of COVID-19.

2.5 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the statement of comprehensive income 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.

2.7 Investments

Investments held as fixed assets are measured at cost less provision for impairment.

2.8 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) 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 (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

2. Accounting policies (continued)

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.10 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost and amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

The value of 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 expected 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 management's judgement. Testing of the carrying value has been performed during the year, which has involved several scenarios being modelled. Following this assessment management have concluded that the carrying value of investments in subsidiary entities is supported by the underlying valuations (see note 5).

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

4. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Audit fees	-	2

5. Employees and directors' remuneration

The company had no employees during the year (2020: none). The directors did not receive or waive any remuneration (2020: £nil).

6. Interest receivable

	2021 £000	2020 £000
Interest receivable from group companies	8,046	5,257
	<u>8,046</u>	<u>5,257</u>

7. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	(1,527)	-
Adjustments in respect of previous periods	(12)	-
	<u>(1,539)</u>	<u>-</u>
Total current tax	<u>(1,539)</u>	<u>-</u>

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(13,223)	(323)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,512)	(61)
Effects of:		
Impairment charges	4,039	1,060
Group relief not paid for	(3,078)	(999)
Adjustments to tax charge in respect of prior periods	12	-
Total tax charge for the year	(1,539)	-

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

8. Investments

	Subsidiary undertakings £'000
Cost	
At 1 July 2020 and 30 June 2021	3,044
Impairment	
At 1 July 2020	1,080
Charge for the year	862
At 30 June 2021	1,942
Net book value	
At 30 June 2021	1,102
At 30 June 2020	1,964

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
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
Tillingham Power Limited	UK	Ordinary	100%	Energy generation
Westwood Power Limited	UK	Ordinary	100%	Energy generation

The registered office of all of the companies listed above is 6th Floor, 33 Holborn, London, England, EC1N 2HT.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

9. Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	114,894	91,414
Other debtors	511	294
Prepayments and accrued income	18,490	10,995
	<u>133,895</u>	<u>102,703</u>

Included within amounts owed by group undertakings are unsecured loans with year end balances totalling £112,529,000 (2020: £89,093,000) net of provisions of £30,184,000 (2020: £9,784,000). The loans bear interest at 7.5% (2020: 7.5%) and are repayable on demand. A provision of £20,400,000 (2020: £4,496,000) was made against intercompany loans during the year.

All other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	2,166	2,365
Other creditors	1,539	-
Accruals and deferred income	387	499
	<u>4,092</u>	<u>2,864</u>

Included within amounts owed to group undertakings are unsecured balances with year end balances totalling £2,166,000 (2020: £2,365,000). The amounts owed to group undertakings are interest free and repayable on demand.

11. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
145,599,561 (2020: 101,763,341) Ordinary shares of £0.01 each	<u>1,456</u>	<u>1,018</u>

On 20 April 2021, the company issued 43,836,220 ordinary shares of £0.01 each for a total consideration of £43,836,220.

The Fern Power Company Limited

Notes to the financial statements for the year ended 30 June 2021

12. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2021 it was a wholly owned subsidiary.

13. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Cedar Energy and Infrastructure Limited, a company registered in the United Kingdom.

The ultimate parent undertaking as at the year ended 30 June 2021 was Fern Trading Limited, a company incorporated in the United Kingdom. Fern Trading Limited is the largest group of undertakings to consolidate these financial statements. Copies of Fern Trading Limited's consolidated financial statements can be obtained from the Company Secretary at 6th Floor, 33 Holborn, London, EC1N 2HT.

14. Post balance sheet events

On 2 July 2021, the company acquired 100% of the share capital of nine Reserve Power companies for an equity consideration of £18.