

## **Oak Renewables 2 Limited**

Directors' Report and Financial Statements

Year Ended

30 June 2022

Company Number NI631499

## Oak Renewables 2 Limited

### Company Information

---

<b>Directors</b>	N A Wood L J B Roberts
<b>Registered number</b>	NI631499
<b>Registered office</b>	The Soloist 1 Lanyon Place Belfast Northern Ireland BT1 3LP
<b>Independent auditor</b>	KPMG Channel Islands Limited Gategny Court Gategny Esplanade St Peter Port Guernsey GY1 1WR
<b>Bankers</b>	Bank of Ireland UK Townhall Street Enniskillen Co. Fermanagh BT74 7BD

## **Oak Renewables 2 Limited**

### **Contents**

---

	<b>Page</b>
<b>Directors' Report</b>	<b>1 - 3</b>
<b>Independent Auditor's Report to the Member of Oak Renewables 2 Limited</b>	<b>4 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Statement of Cash Flows</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 23</b>

## **Oak Renewables 2 Limited**

### **Directors' Report For the Year Ended 30 June 2022**

---

The directors present their report together with the audited financial statements of Oak Renewables 2 Limited (the "Company") for the year ended 30 June 2022. The comparative information is for the period from 1 January 2020 to 30 June 2021 and thus not entirely comparable.

#### **Principal activity**

The principal activity of the Company is the operation and management of a wind turbine plant in the UK, earning revenue from the sale of electricity generated.

#### **Country of incorporation and legal form of the entity**

Arena Wind Brockagh Limited was incorporated as a private company, limited by shares, under the Registrar of Companies for Northern Ireland on 26 May 2015. The Company changed its name to Oak Renewables 2 Limited on 31 July 2019.

#### **Risk management and control**

In the ordinary course of business, the Company is exposed to and manages a variety of risks in relation to its activities, including financial risk. The management of credit, interest rate, liquidity and operational risks are fundamental to the Company, with the Board of Directors having responsibility for the overall system of internal control and for reviewing its effectiveness.

The key areas of risk in relation to the use of financial statements are listed below and are properly addressed by the management of the Company:

**Credit risk:** Losses due to the inability or unwillingness of a customer to meet its obligations. This is mitigated by the Company entering into price agreements with creditworthy counterparties for the purchase of electricity to be generated by the wind turbine plant.

**Interest risk:** Fluctuations in the prevailing levels of market rates of interest pose a risk to the Company's financial position and cash flows. This is not considered a significant risk to the Company as the interest on loans is charged at a rate agreed by the parent company and are not subject to interest movements in the market.

**Liquidity risk:** Failure to meet financial obligations in a timely and cost effective manner due to mismatches in the maturity profile of assets and liabilities. The Company closely monitors its cash flow levels and financial obligations to anticipate its future cash commitments.

**Operational risk:** Failure to meet expected levels of generation output due to technical issues affecting performance of the plant. The Company has sought to mitigate this risk by the appointment of Bluefield Services Limited, as its dedicated asset manager, with responsibility for closely monitoring the performance of the plant, ensuring activities conducted by third party contractors are completed in a timely fashion and, as required, contractual protections are enforced. The Company also has insurance policies in place that protect against generation loss in situations out of the Company's control.

**Price risk:** 30% of the income generated by the Company is linked to power market prices and so in the unlikely event of a major structural shift in power prices due to reduced demand or excess energy supply, there could be an impact on the Company's earnings. A rolling programme of PPA contract expiries has been implemented to mitigate risk, alongside the fact the Company receives 70% of its income from the government backed ROC regime.

**COVID-19 risk:** During the year there has been limited impact on the business and its activities. The directors have continued to review the forecasts to ensure a true and fair reflection of the impact, if any, of COVID-19.

**Russia/Ukraine conflict risk:** The directors are continuously monitoring the impact, if any, of the ongoing conflict in Ukraine may have on the entity and the impact on energy prices across the portfolio. The Company has no direct exposure to either Ukraine or Russia.

## **Oak Renewables 2 Limited**

### **Directors' Report (continued) For the Year Ended 30 June 2022**

---

#### **Results and dividends**

The loss for the year, after taxation, amounted to £48,230 (period ended 30 June 2021 - loss £71,973).

No dividends were distributed in the current year or prior period.

#### **Directors**

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

N A Wood (appointed 29 July 2021)  
L J B Roberts (appointed 29 July 2021)  
B V Corcoran (resigned 29 July 2021)  
I D Greer (resigned 29 July 2021)

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force throughout the year and at the date of this report.

#### **Directors' responsibilities statement**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law, the directors must not approve the financial statements unless the directors 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are responsible 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Oak Renewables 2 Limited

### Directors' Report (continued) For the Year Ended 30 June 2022

---

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Subsequent events

There have been no significant events affecting the Company since the year end.

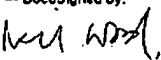
#### Independent auditor

The auditor, KPMG Channel Islands Limited, has indicated its willingness to continue in office and will be proposed for reappointed in accordance with section 485 of the Companies Act 2006.

#### Small companies note

In preparing this Directors' Report advantage has been taken of the small companies' exemption. The Company is exempt from preparing a Strategic Report.

This report was approved by the board on 30 June 2023 and signed on its behalf.

DocuSigned by:  
  
0F53DCCAB1AD47F...

**N A Wood**  
Director

# Independent Auditor's Report to the Member of Oak Renewables 2 Limited

## *Our opinion*

We have audited the financial statements of Oak Renewables 2 Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2022, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

*In our opinion, the accompanying financial statements:*

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the Company's loss for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## *Going concern*

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

*Our conclusions based on this work:*

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## *Fraud and breaches of laws and regulations – ability to detect*

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

# Independent Auditor's Report to the Member of Oak Renewables 2 Limited (continued)

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- agreeing revenue to invoices and Company bank statements as applicable; and
- incorporating an element of unpredictability in our audit procedures.

## *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## *The Directors' Report*

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.



# Independent Auditor's Report to the Member of Oak Renewables 2 Limited (continued)

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## *Matters on which we are required to report by exception*

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

## *Respective responsibilities*

### *Directors' responsibilities*

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*


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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# Independent Auditor's Report to the Member of Oak Renewables 2 Limited (continued)

## *The purpose of our audit work and to whom we owe our responsibilities*

This report is made solely to the Company's member, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its member, as a body, for our audit work, for this report, or for the opinions we have formed.



**Barry Ryan (Senior Statutory Auditor)**

**For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)**

*Chartered Accountants*

Guernsey

30 June 2023

## Oak Renewables 2 Limited

### Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
Turnover	4	807,410	869,052
Administrative expenses		(444,812)	(578,963)
<b>Operating profit</b>	5	<b>362,598</b>	<b>290,089</b>
Interest expense and similar expenses	7	(317,732)	(208,550)
<b>Profit before tax</b>		<b>44,866</b>	<b>81,539</b>
Tax on profit	8	(93,096)	(153,512)
<b>Total comprehensive income/(loss) and profit/(loss) for the year/period</b>		<b>(48,230)</b>	<b>(71,973)</b>

All amounts relate to continuing activities of the Company.

The notes on pages 12 to 23 form part of these financial statements.

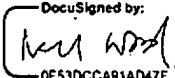
**Oak Renewables 2 Limited**

Registered number: NI631499

**Statement of Financial Position  
As at 30 June 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible fixed assets	9	4,167,311	4,402,323
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	227,816	290,059
Cash and cash equivalents	11	89,997	354,051
		<u>317,813</u>	<u>644,110</u>
Creditors: amounts falling due within one year	12	(48,325)	(4,968,909)
<b>Net current assets/(liabilities)</b>		<u>269,488</u>	<u>(4,324,799)</u>
<b>Total assets less current liabilities</b>		<u>4,436,799</u>	<u>77,524</u>
Creditors: amounts falling due after more than one year	13	(4,314,409)	-
<b>Provisions for liabilities</b>			
Deferred taxation	15	(246,608)	(153,512)
<b>Net liabilities</b>		<u>(124,218)</u>	<u>(75,988)</u>
<b>Capital and reserves</b>			
Called up share capital	16	3	3
Profit and loss account		(124,221)	(75,991)
<b>Total equity</b>		<u>(124,218)</u>	<u>(75,988)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2023

DocuSigned by:  
  
 OF53DCCA91AD47F...  
**N A Wood**  
 Director

The notes on pages 12 to 23 form part of these financial statements.

## Oak Renewables 2 Limited

### Statement of Changes in Equity For the Year Ended 30 June 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2020</b>	<b>3</b>	<b>(4,018)</b>	<b>(4,015)</b>
Total comprehensive loss and loss for the period	-	(71,973)	(71,973)
<b>At 1 July 2021</b>	<b>3</b>	<b>(75,991)</b>	<b>(75,988)</b>
Total comprehensive income and profit for the year	-	(48,230)	(48,230)
<b>At 30 June 2022</b>	<b>3</b>	<b>(124,221)</b>	<b>(124,218)</b>

The following describes the nature and purpose of each reserve within equity:

Called up share capital - nominal value of share capital subscribed for.

Profit and loss account - cumulative profit or losses, net of dividends paid and other adjustments.

The notes on pages 12 to 23 form part of these financial statements.

## Oak Renewables 2 Limited

### Statement of Cash Flows For the Year Ended 30 June 2022

	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year/period	(48,230)	(71,973)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	235,012	293,529
Interest expense and similar expenses	317,732	208,550
Taxation charge	93,096	153,512
Decrease/(increase) in debtors	62,243	(267,603)
(Decrease)/increase in creditors	(4,426)	31,100
Increase in amounts owed to group undertakings	19,141	3,099,532
<b>Net cash generated from operating activities</b>	<b>674,568</b>	<b>3,446,647</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	-	(2,884,049)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(2,884,049)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(317,732)	(208,550)
Cash repaid to group undertakings	(620,890)	-
<b>Net cash used in financing activities</b>	<b>(938,622)</b>	<b>(208,550)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(264,054)</b>	<b>354,048</b>
Cash and cash equivalents at beginning of year/period	354,051	3
<b>Cash and cash equivalents at the end of year/period</b>	<b>89,997</b>	<b>354,051</b>
<b>Cash and cash equivalents at the end of year/period comprise:</b>		
Cash at bank and in hand	89,997	354,051

The notes on pages 12 to 23 form part of these financial statements.

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

---

#### 1. General information

Oak Renewables 2 Limited (the "Company") is a company incorporated in Northern Ireland under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is the operation of a wind turbine in the UK, earning revenue from the sale of electricity generated.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of 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 judgement in applying the Company's accounting policies (see note 3).

The Company's presentational and functional currency is GBP.

The comparative information is for the period from 1 January 2020 to 30 June 2021 and thus not entirely comparable.

##### 2.2 Going concern

These accounts have been prepared on a going concern basis although the Company is in a net liability position. The directors believe this basis is appropriate following the consideration of cashflow forecasts which show the Company is able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

The directors have considered the impact which the current economic downturn, triggered by COVID-19, could have on the ability of the Company to continue as a going concern. In their view, whilst the demand for electricity generation may decrease in the short term, the ability of the Company to generate electricity will not be materially impacted. Importantly, as the Company's revenues are derived from the sale of electricity, a fall in electricity demand has no impact on 70% of the Company's revenues, as these are backed by government subsidies and limited impact on the remaining 30% as these are sold through power purchase agreements on a rolling fixed term basis. As such, the directors do not expect a significant impact on revenue and cash flows of the entity. The Company has in place risk mitigation plans in order to ensure, as far as possible, electricity generation from the plant is maintained. The Company's key service providers have all successfully implemented remote working policies with contractors providing onsite operational technical support treated as key workers with unfettered access to the sites in order to carry out necessary works if required. Hence, the directors do not consider the impact of COVID-19 to have a material impact on the Company's ability to continue as a going concern.

At the year end, the Company reported net liabilities of £124,218 (2021 - £75,988).

The directors have considered the impact which the current conflict in Ukraine could have on the Company. In their view, as the Company has no direct exposure to Ukraine or Russia, the directors do not expect a significant impact on revenue and cash flows of the Company.

Should any unforeseen circumstances require additional funding, the Company has obtained written confirmation from its intermediate parent that it would provide financial support to meet the Company's liabilities for a period of at least twelve months from the date the financial statements are approved.

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

---

#### 2. Accounting policies (continued)

##### 2.3 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 rate method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow 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 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.

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

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.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and financial liabilities if the Company has a legally enforceable legal right to offset the recognised amounts and interest and intends to settle on a net basis or realise the asset and liability immediately.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.



## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

---

#### 2. Accounting policies (continued)

##### 2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover refers to income from electricity generation, through owning and operating a ground mounted wind turbine, which provides turnover from the sale of electricity and the Feed in Tariff Certificates. Turnover is recognised as electricity is generated.

##### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 5% Straight line
---------------------	--------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

## **Oak Renewables 2 Limited**

### **Notes to the Financial Statements For the Year Ended 30 June 2022**

---

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

##### **2.6 Leased assets**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

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

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

##### **2.10 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.11 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

---

#### 2. Accounting policies (continued)

##### 2.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

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

The preparation of the financial statements under FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements and estimates:

- a) Going concern - refer to note 2.2.
- b) Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- c) A determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future planning strategies.
- d) An assessment of the possible impairment of assets takes place bi-annually, whereby the directors calculate the fair value on a discounted cash-flow basis in accordance with IPEV Valuation Guidelines. This value is then compared to that within the financial statements at which point, if there are signs of impairment, this is then accounted for.

#### 4. Turnover

All turnover arose within the United Kingdom from the generation of electricity.

#### 5. Operating profit

The operating profit is stated after charging:

	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
Depreciation of tangible fixed assets	235,012	293,529
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	3,200	4,500
Operating leases - land	130,115	130,832

#### 6. Employees

The Company has no employees (period ended 30 June 2021 - Nil) other than the directors, who did not receive any remuneration (period ended 30 June 2021 - Nil).

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 7. Interest expense and similar expenses

	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
Interest on loan from group undertakings	317,732	208,550

#### 8. Taxation

	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
<b>Corporation tax</b>		
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	93,096	213,395
Adjustments in respect of prior periods	-	(59,883)
<b>Total deferred tax</b>	93,096	153,512
<b>Tax charge for the year/period</b>	93,096	153,512

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 8. Taxation (continued)

##### Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (period ended 30 June 2021 - higher than) the standard rate of corporation tax in the UK of 19% (period ended 30 June 2021 - 19%). The differences are explained below:

	Year ended 30 June 2022 £	18 months ended 30 June 2021 £
Profit on ordinary activities before tax	44,866	81,539
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 30 June 2021 - 19%)	8,525	15,492
Effects of:		
Fixed assets differences	5,970	7,455
Adjustments to tax charge in respect of prior periods - deferred tax	-	(59,883)
Remeasurement of deferred tax charge for changes in tax rates	4,577	36,845
Movement in deferred tax not recognised	74,024	153,603
<b>Total tax charge for the year/period</b>	<b>93,096</b>	<b>153,512</b>

##### Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the Company's future tax charge accordingly. The value of the deferred tax liability at the Statement of Financial Position date has been calculated using the applicable rate when the liability is expected to be realised.

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 9. Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 July 2021	4,699,251
At 30 June 2022	<u>4,699,251</u>
<b>Depreciation</b>	
At 1 July 2021	296,928
Charge for the year	235,012
At 30 June 2022	<u>531,940</u>
<b>Net book value</b>	
At 30 June 2022	<u><u>4,167,311</u></u>
At 30 June 2021	<u><u>4,402,323</u></u>

The assets of the Company have been offered as security against debts of other entities in the group.

#### 10. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	31,608	21,604
Social security and other taxes	6,800	-
Prepayments and accrued income	189,408	268,455
	<u><u>227,816</u></u>	<u><u>290,059</u></u>

#### 11. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u><u>89,997</u></u>	<u><u>354,051</u></u>

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 12. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	12,667	20,025
Amounts owed to group undertakings	-	4,916,158
Social security and other taxes	-	652
Accruals and deferred income	35,658	32,074
	<u>48,325</u>	<u>4,968,909</u>

#### 13. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	<u>4,314,409</u>	<u>-</u>

Amounts owed to group undertakings consist of a loan payable to Wind Energy 3 Hold Co Limited (formerly Arena Wind Holdings Limited). The loan is repayable in 2056 and bears interest at a rate of 7%, compounding annually on 30 June. The loan is unsecured.

#### 14. Financial instruments

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets at amortised cost	<u>283,958</u>	<u>636,772</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>(4,362,734)</u>	<u>(4,968,257)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.



## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 15. Deferred taxation

	2022 £	2021 £
At beginning of year/period	153,512	-
Charged to the Statement of Comprehensive Income	93,096	153,512
<b>At end of year/period</b>	<b>246,608</b>	<b>153,512</b>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	246,608	153,512

#### 16. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
3 (2021 - 3) Ordinary shares of £1 each	3	3

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

#### 17. Commitments under operating leases

At 30 June 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	131,872	124,620
Later than 1 year and not later than 5 years	545,532	504,742
Later than 5 years	1,687,705	1,520,414
	<b>2,365,109</b>	<b>2,149,776</b>

## Oak Renewables 2 Limited

### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 18. Analysis of net debt

	At 1 July 2021 £	Cash flows £	Non-cash changes £	At 30 June 2022 £
Cash at bank and in hand	354,051	(264,054)	-	89,997
<b>Debt due after 1 year</b>				
Intercompany financing	(4,916,158)	-	4,916,158	-
<b>Debt due after more than 1 year</b>				
Intercompany financing	-	938,622	(5,253,031)	(4,314,409)
	<u>(4,562,107)</u>	<u>674,568</u>	<u>(336,873)</u>	<u>(4,224,412)</u>

#### 19. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the parent company's group.

#### 20. Subsequent events

There have been no significant events affecting the Company since the year end.

#### 21. Controlling party

The Company's immediate parent company is Wind Energy 3 Hold Co Limited (formerly Arena Wind Holdings Limited), a company incorporated in the United Kingdom, and is a wholly owned subsidiary of Bluefield Solar Income Fund Limited which is the ultimate parent Company and controlling party, and is incorporated in Guernsey. The registered address of the immediate parent company is The Soloist, 1 Lanyon Place, Belfast, United Kingdom, BT1 3LP.