

Registered number: SC297221

Auquhirie Land Company Limited

**Annual report and unaudited financial statements
For the year ended 30 June 2022**



Auquhirie Land Company Limited

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Auquhirie Land Company Limited

Company information

Directors	Peter Edward Dias Christopher Peter Gaydon Edward William Fellows Thomas James Rosser
Company secretary	Octopus Company Secretarial Services Limited
Registered number	SC297221
Registered office	4th Floor Saltire Court 20 Castle Terrace Edinburgh Scotland EH1 2EN

Auquhirie Land Company Limited

Directors' report for the year ended 30 June 2022

The directors present their report and the unaudited financial statements of the Auquhirie Land Company Limited (the "Company") for the year ended 30 June 2022.

Principal activities

The principal activity of the Company is the operation of a wind farm for the generation and sale of electricity.

Results

The loss for the year amounted to £268,145 (2021: £184,492) and at the year end the Company had net assets of £686,699 (2021: £954,844).

Going concern

The financial statements have been prepared on the going concern basis. The directors have assessed the Company's ability to meet its liabilities as they fall due, including a review of the effects of the ongoing Ukraine-Russia conflict, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and potential to adversely impact global economies, which has driven a sharp increase in volatility across markets.

The directors have determined that based on recent trading of the Company and revised projections, the above events are not expected to have a detrimental 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 negative impacts of these events.

Directors of the Company

The directors who served during the financial year ended 30 June 2022 and up to the date of signing the financial statements, unless otherwise indicated, are given below:

Peter Edward Dias
Christopher Peter Gaydon
Thomas James Rosser
Edward William Fellows (appointed on 19 December 2022)
Paul Stephen Latham (resigned on 19 December 2022)

Qualifying third party indemnity provision

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.

Auquhirie Land Company Limited

Directors' report for the year ended 30 June 2022 (continued)

Statement of directors' responsibilities

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 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 United Kingdom and Republic of Ireland" section 1A, and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Audit exemption

The directors consider that the Company is entitled to an 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 2022.

Small company exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic report.

Events since the Balance sheet date

There have been no material adjusting or disclosable events since the financial year end.

This report was approved by the board on 16 March 2023 and signed on its behalf:



Thomas James Rosser
Director

Auquhirie Land Company Limited

Statement of comprehensive income for the year ended 30 June 2022

	2022 £	2021 £
Turnover	1,317,851	1,414,945
Cost of sales	(874,730)	(835,560)
Gross profit	443,121	579,385
Administrative expenses	(231,397)	(242,439)
Operating profit	211,724	336,946
Interest payable and similar expenses	(488,318)	(492,483)
Loss before taxation	(276,594)	(155,537)
Taxation	8,449	(28,955)
Loss for the financial year	(268,145)	(184,492)

All activities of the Company are from continuing operations.

The Company has no items of other comprehensive income for the current or preceding financial year. Therefore, no separate statement of other comprehensive income has been presented.

The notes on pages 7 to 14 form an integral part of these financial statements.

Auquhirie Land Company Limited
Registered number: SC297221

Balance sheet
as at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	5,509,666	5,916,526
Current assets			
Debtors: amounts falling due within one year	6	4,092,915	3,536,373
Creditors: amounts falling due within one year	7	(8,395,397)	(7,907,626)
Net current liabilities		(4,302,482)	(4,371,253)
Total assets less current liabilities		1,207,184	1,545,273
Provisions	8	(520,485)	(590,429)
Net assets		686,699	954,844
Capital and reserves			
Called-up share capital	9	1,000	1,000
Profit and loss account		685,699	953,844
Total shareholder's funds		686,699	954,844

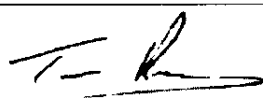
For the year ended 30 June 2022, the Company was entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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 have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2023.


Thomas James Rosser
Director

The notes on pages 7 to 14 form an integral part of these financial statements.

Auquhirie Land Company Limited

Statement of changes in equity for the year ended 30 June 2022

	Called-up share capital	Profit and loss account	Total shareholder's funds
	£	£	£
At 1 July 2020	1,000	1,138,336	1,139,336
Loss for the financial year	-	(184,492)	(184,492)
At 30 June 2021 and 1 July 2021	1,000	953,844	954,844
Loss for the financial year	-	(268,145)	(268,145)
At 30 June 2022	1,000	685,699	686,699

The notes on pages 7 to 14 form an integral part of these financial statements.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022

1. General information

Auquhirie Land Company Limited is a private company, limited by shares, incorporated and domiciled in Scotland, the United Kingdom, registered number: SC297221. The registered office is at 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EN.

The principal activity of the Company is the operation of a wind farm for the generation and sale of electricity.

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 section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

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 paragraph 3.17(d), on the basis that it is a small company;
- from disclosing the Company's key management personnel compensation as required by FRS 102 paragraph 33.7; and
- from disclosing related party transactions that are wholly owned within the same group as required by FRS 102 paragraph 33.8.

2.3 Going concern

The financial statements have been prepared on the going concern basis. The directors have assessed the Company's ability to meet its liabilities as they fall due, including a review of the effect of the ongoing Ukraine-Russia conflict, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, which has driven a sharp increase in volatility across markets.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

2. Accounting policies (continued)

2.3 Going concern (continued)

The directors have determined that based on recent trading of the Company and revised projections, the above events are not expected to have a detrimental 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 negative impact of these events.

2.4 Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the 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 settlement of transactions and from the translation at period end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income and within administrative expenses.

2.5 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is derived from the electricity generated by wind farms and is recognised on an accrual basis in the period in which it is generated.

2.6 Finance cost

Finance cost is 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 Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use and an estimate of the costs of dismantling and removing the item, and restoring the site if required.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

2. Accounting policies (continued)

2.7 Tangible assets (continued)

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised at earliest of the date of disposal or at the point which no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of comprehensive income.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Wind turbines	25 years straight line
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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 Statement of comprehensive income, 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.

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of comprehensive income, 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.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

2. Accounting policies (continued)

2.9 Taxation (continued)

(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

(i) Financial assets

Financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

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.

(ii) Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the Balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

2. Accounting policies (continued)

2.10 Financial instruments (continued)

(ii) Financial liabilities (continued)

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial assets and liabilities are offset, and the net amount reported in the Balance sheet 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 Provisions

Provisions are made where an event has taken place that gives the Company 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.

Provision for decommissioning is recognised in full against a corresponding decommissioning asset, at the commencement of production. The amount recognised is the discounted value of the estimated future expenditure determined in accordance with local conditions and requirements. Any movement in the provision is recognised in the Statement of comprehensive income in the year. Any change in the present value of the estimated expenditure is reflected in an adjustment to the provision.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 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.

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

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.

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

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

(b) Critical accounting estimates and assumptions

The key estimates in preparing these financial statements are:

(i) Provision for decommissioning costs

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. This estimate is determined in accordance with local conditions and requirements, using a discount rate of 2.95% reflecting the time value of money and the risks specific to the obligation, based on management's judgement (see note 8).

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

4. Employees and directors' remuneration

The Company had no employees during the year (2021: none). The directors did not receive or waive any remuneration (2021: £nil).

5. Tangible assets

	Wind turbines £
Cost	
At 1 July 2021	9,191,905
Other movements*	(26,864)
At 30 June 2022	<u>9,165,041</u>
Accumulated depreciation	
At 1 July 2021	3,275,379
Charge during the financial year	379,996
At 30 June 2022	<u>3,655,375</u>
Net book value	
At 30 June 2022	<u><u>5,509,666</u></u>
At 30 June 2021	<u><u>5,916,526</u></u>

*Other movements refer to the change in estimates for the valuation of decommissioning assets (see note 8).

6. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	307,977	144,012
Amounts owed by group undertakings	3,361,494	3,024,157
Prepayments and accrued income	345,149	287,244
Other debtors	78,295	80,960
	<u><u>4,092,915</u></u>	<u><u>3,536,373</u></u>

Amounts owed by group undertakings were unsecured, interest free and repayable on demand.

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

7. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	62,461	109,506
Amounts owed to group undertakings	6,102,645	6,102,645
Corporation tax payable	41,827	-
Accruals and deferred income	2,166,649	1,695,475
Other creditors	21,815	-
	8,395,397	7,907,626

Amounts owed to group undertakings are unsecured loans with year end balances amounting to £6,102,645 (2021: £6,102,645). The loans bear interest at 8% (2021: 8%) and are repayable on demand.

Included within accruals and deferred income are amounts of £2,113,663 (2021: £1,625,424) relating to interest payable on the amounts owed to group undertakings.

8. Provisions

	Decommissioning provision £	Deferred tax £	Total £
At 1 July 2021	359,771	230,658	590,429
Adjustments in respect of previous years	-	(54,001)	(54,001)
Charge to Statement of comprehensive income	7,196	3,725	10,921
Other movements (note 5)	(26,864)	-	(26,864)
At 30 June 2022	340,103	180,382	520,485

The provision for deferred tax is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	812,597	782,131
Short term timing differences - trading	(77,458)	(51,751)
Losses	(554,757)	(499,722)
	180,382	230,658

Auquhirie Land Company Limited

Notes to the financial statements for the year ended 30 June 2022 (continued)

8. Provisions (continued)

A provision has been recognised for decommissioning costs associated with the wind farm owned by the Company. The Company is committed to decommissioning the wind farms as a result of the construction of the wind farm for the production of power.

The decommissioning provision provides the future costs of decommissioning of the wind farm.

The provision has been discounted at an annual rate of 2.95% and this discount will be unwound and charged to the Statement of comprehensive income until 2038, as the estimated date of decommissioning.

Following the review of the present value of the estimated future expenditure, the discount rate and the inflation rate were reviewed against recent market data and adjusted for accordingly, resulting in a decrease of £26,864 in the decommissioning asset and provision. The decommissioning provision and the associated decommissioning asset were revalued for the year ended 30 June 2022.

9. Called-up share capital

	2022 £	2021 £
Allotted, called-up and fully paid		
1,000 (2021: 1,000) ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

10. 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 as at the year ended 30 June 2022 it was a wholly owned subsidiary.

11. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Fern Energy Wind Holdings Limited, a company incorporated in the United Kingdom.

Cedar Energy and Infrastructure Limited, a company incorporated in the United Kingdom is the smallest group to consolidate these financial statements.

The ultimate parent undertaking as at the year ended 30 June 2022 was Fern Trading Limited, a company incorporated in England, 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, England, EC1N 2HT.

12. Events since the Balance sheet date

There have been no material adjusting or disclosable events since the financial year end.