REGISTERED NUMBER: 08617823 (England and Wales)

# Ferndale Wind Limited

## Directors' Report and

## Audited Financial Statements For The Period 1 January 2019 to 31 March 2020

## Contents of the Financial Statements
## For The Period 1 January 2019 to 31 March 2020

**Ferndale Wind Limited**

**Company Information**
**For The Period 1 January 2019 to 31 March 2020**

| | |
|---|---|
| **Directors:** | J M Linney<br>S O Vince |
| **Registered office:** | C/o Res White Ltd, Beaufort Court<br>Egg Farm Lane<br>Kings Langley<br>Hertfordshire<br>WD4 8LR |
| **Registered number:** | 08617823 (England and Wales) |
| **Independent auditor:** | Deloitte LLP<br>Statutory Auditor<br>1 New Street Square<br>London<br>EC4A 3HQ |
| **Bankers:** | HSBC Bank PLC<br>8 Canada Square<br>London<br>E14 5HQ |

**Ferndale Wind Limited**

**Directors' Report**
**For The Period 1 January 2019 to 31 March 2020**

The directors present their report with the financial statements of the Company for the period 1 January 2019 to 31 March 2020.

**Principal activity**
The Company was incorporated on 22 July 2013. The Company operates principally as a designated member of Wind Assets LLP (the "LLP"), whose principal activity is the financing and operation of two wind farms, Castle Pill wind farm and Ferndale wind farm, located in South Wales. Under the terms of the Membership Agreement, each member shall have one vote in respect to any decisions and all matters shall be determined by unanimous vote of the members. As a result Castle Pill Wind Limited does not have control over the LLP and is exempt from producing consolidated accounts for the year under review. The partnership has rights to the earnings of Ferndale wind farm. The interest held in the LLP is 13.80%.

**Dividends**
The loss during the period ended 31 March 2020 was £(316,754) (31 December 2018: £(66,535) loss).

The directors did not pay any interim dividends in the period (31 December 2018: £nil).

The directors have not recommended payment of a final dividend (31 December 2018: £nil).

**Events since the end of the period**
Information relating to events since the end of the period is given in the notes to the financial statements.

**Directors**
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

J M Linney
S O Vince

**Going concern**
The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate.

In arriving at this conclusion, the impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain, or that of its investments. The directors have noted that there has been a negative impact on power prices and that this is expected to continue in the short term and is largely due to a reduction in demand for electricity and lower commodities prices, however this is not expected to be significant enough to cause any going concern issues for the Company or its investments due to there being no material impact on the fixed prices per MWh associated with the Renewable Obligation Certificate (ROC) buyout revenue stream. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Further details regarding the adoption of the going concern basis can be found in note 2 of the Accounting Policies.

**Change of accounting year end**

The Company has changed its accounting period from 31 December 2019 to 31 March 2020 extending the period from 12 months to 15 months.

## Risks and uncertainties

### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of accumulated profits and long and short-term debt finance provided through the parent company, JLEAG Wind Limited.

### Interest rate risk

On 6 March 2019, the parent company, JLEAG Wind Limited, refinanced their debt facilities and as a result the Company's debt finance from JLEAG Wind Limited saw an increase in the fixed interest rate, as well as slight changes to the principal as discussed further in note 12. This fixed interest rate is expected to continue to be in place as there are no further refinancing plans and as such the Company's borrowings have limited cash flow risk exposure as all borrowings are at fixed interest rates.

### Exposure to market prices

The Company is exposed to long term electricity market prices. We are currently monitoring the electricity market and a fixed price 15 year Purchase Power Agreement has been entered into with Statkraft Markets GmbH, effective from the start of commercial operations.The directors are currently monitoring the electricity market and seek to fix prices when it is deemed favourable to do so.

### Credit risk

The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Company monitors the financial standing of that counterparty in order to manage its credit risk.

### Wind/energy yield risk

The Company has engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. However, there still remains a risk that wind and energy yield may be less (or more) than modelled. The project was refinanced on 6 March 2019 via its holding company on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

### Covid-19

The outbreak of COVID-19 is a very significant humanitarian and economic event facing many businesses. It has become clear that this will result in a significant economic slowdown, if not recession, in the months ahead. However, the directors believe that the impact of COVID-19 to the Group will be a temporary disruption and will ultimately pass. In the meantime, the business model has been stress tested to understand what the impact would be, with further details provided in the Going concern section of this annual report.

## Directors' indemnities

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

## Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Ferndale Wind Limited**

**Directors' Report**
**For The Period 1 January 2019 to 31 March 2020**

**Auditor**

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**

DocuSigned by:
Joe Linney
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J M Linney - Director

04 November 2020
Date: ............................................

**Ferndale Wind Limited**

## Statement of Directors' Responsibilities
## For The Period 1 January 2019 to 31 March 2020

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 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.

## Independent auditor's report to the members of Ferndale Wind Limited

### Report on the audit of the financial statements

**Opinion**
In our opinion the financial statements of Ferndale Wind Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the period from 1 January 2019 to 31 March 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise: the profit and loss account;

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**
We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

**Independent auditor's report to the members of Ferndale Wind Limited**

**Other information**
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

## Independent auditor's report to the members of Ferndale Wind Limited

### Report on other legal and regulatory requirements

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

**Matters on which we are required to report by exception**
Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**Use of our report**
This report is made solely to the company's members, as a body, 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 members 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
W. T
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William Brooks FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 04 November 2020

**Ferndale Wind Limited**

**Statement of Comprehensive Income**
**For The Period 1 January 2019 to 31 March 2020**

| | Notes | Period 1/1/19 to 31/3/20 £ | Year ended 31/12/18 £ |
|---|---|---|---|
| **Turnover** | | - | - |
| **Operating profit** | 4 | - | - |
| Interest payable and similar expenses | 5 | (56,687) | (79,824) |
| **Loss before taxation** | | (56,687) | (79,824) |
| Tax on loss | 6 | (260,067) | 13,289 |
| **Loss for the financial period** | | (316,754) | (66,535) |
| **Other comprehensive income** | | - | - |
| **Total comprehensive loss for the period** | | (316,754) | (66,535) |

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

**Ferndale Wind Limited (Registered number: 08617823)**

**Balance Sheet**
**31 March 2020**

| | Notes | 31/3/20 £ | 31/12/18 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 7 | 759,000 | 759,000 |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 8 | - | 286,256 |
| **Creditors** | | | |
| Amounts falling due within one year | 9 | (324,401) | (889,070) |
| **Net current liabilities** | | (324,401) | (602,814) |
| **Total assets less current liabilities** | | 434,599 | 156,186 |
| **Creditors** | | | |
| Amounts falling due after more than one year | 10 | (914,260) | (503,185) |
| **Provisions for liabilities** | 11 | (184,092) | - |
| **Net liabilities** | | (663,753) | (346,999) |
| **Capital and reserves** | | | |
| Called up share capital | 12 | 1 | 1 |
| Retained earnings | | (663,754) | (347,000) |
| **Shareholder funds** | | (663,753) | (346,999) |

The financial statements were approved by the Board of Directors and authorised for issue on 04 November 2020 and were signed on its behalf by:

DocuSigned by:
Joe Linney
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J M Linney - Director

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

**Ferndale Wind Limited**

**Statement of Changes in Equity**
**For The Period 1 January 2019 to 31 March 2020**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---|---|---|---|
| **Balance at 1 January 2018** | 1 | (280,465) | (280,464) |
| **Changes in equity** | | | |
| Total comprehensive loss | - | (66,535) | (66,535) |
| **Balance at 31 December 2018** | 1 | (347,000) | (346,999) |
| **Changes in equity** | | | |
| Total comprehensive loss | - | (316,754) | (316,754) |
| **Balance at 31 March 2020** | 1 | (663,754) | (663,753) |

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

**Ferndale Wind Limited**

**Notes to the Financial Statements**
**For The Period 1 January 2019 to 31 March 2020**

## 1. General information

Ferndale Wind Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

## 2. Accounting policies

**Basis of preparing the financial statements**
The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

The Company also meets the definition of a qualifying entity under FRS 102. The Company is consolidated in the financial statements of its parent, JLEAG Wind Limited, registered in England and Wales and the financial statements are available from the registered office at C/O Foresight Group Llp The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting polices below.

The Company has changed its accounting period from 31 December 2019 to 31 March 2020 extending the period from 12 months to 15 months so that this is aligned with JLEN Environmental Assets Group (UK) Limited financial year end.

## 2. Accounting policies - continued

**Financial Reporting Standard 102 - reduced disclosure exemptions**
This 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. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'; - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Parties' - Related party transactions with other undertakings in the JLEN Environmental Assets Group (UK) Limited group.

**Going concern**
The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future being at least 12 months from the date of approval of the annual report, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain, or that of its investments. The directors have noted that there has been a negative impact on power prices and that this is expected to continue in the short term and is largely due to a reduction in demand for electricity and lower commodities prices, however this is not expected to be significant enough to cause any going concern issues for the Company or its investments due to there being no material impact on the fixed prices per MWh associated with the Renewable Obligation Certificate (ROC) buyout revenue stream. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Additionally, the Company's intermediate parent company, JLEN Environmental Assets Group (UK) Limited, has provided the Company with a commitment of financial support for a period of at least twelve months from the date signing of the financial statements, should that be required. Further, with respect to intergroup creditor balances that are repayable on demand, JLEN Environmental Assets Group (UK) Limited has confirmed that there is no intention for these balances to be called until such time as the Company have sufficient funds with which to do so. We have assessed the ability of JLEN Environmental Assets Group (UK) Limited to provide this support to the Company.

## 2. Accounting policies - continued

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recovery of fixed investments
During the year, the directors have assessed whether there is a case for impairment of the investment held on the statement of financial position of £759,000, comprising the investment held in Wind Assets LLP. Based on the future activity of the LLP, the directors feel that the value of the investment is not less than stated on the statement of financial position at 31 March 2020. The situation will be monitored closely and adjustments made where future market activity indicates as appropriate.

Deferred taxation
The Directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The Directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. Whilst the Directors have concluded that it is appropriate to recognise a deferred tax asset, the recovery of that asset is primarily dependent on sustained electricity prices.

Operating lease commitments
The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

## 2. Accounting policies - continued

### Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

2. **Accounting policies - continued**

**Financial instruments - continued**

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. **Accounting policies - continued**

**Financial instruments - continued**

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Taxation**

Current tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

## 2. Accounting policies - continued

### Cash

Cash and cash equivalents are basic financial assets and include cash at bank, cash in hand, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### Accrued income

Accrued income represents accruals for electricity generation and ROC income not yet billed.

### Dividend distribution

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

### Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

### Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### Borrowing costs

Borrowing costs are expensed as incurred.

## 3. Employees and directors

There were no staff costs for the period ended 31 March 2020 nor for the year ended 31 December 2018.

The average number of employees during the period was NIL (2018 - NIL).

Services are provided to the Company through a third party asset management agreement.

None of the Directors received any remuneration from the Company during the period (31 December 2018: None).

## 4. Operating profit

### Auditors remuneration

The audit fee for the Company for the year of £4,584 (31 December 2018 £4,000) has been borne by another group company and no recharge was made. There were no fees for non-audit services in the current or prior year.

**Ferndale Wind Limited**

**Notes to the Financial Statements - continued**
**For The Period 1 January 2019 to 31 March 2020**

## 5. Interest payable and similar expenses

| | Period 1/1/19 to 31/3/20 £ | Year ended 31/12/18 £ |
|---|---|---|
| Interest payable to parent | 56,687 | 79,824 |

## 6. Taxation

**Analysis of the tax charge/(credit)**
The tax charge/(credit) on the loss for the period was as follows:

| | Period 1/1/19 to 31/3/20 £ | Year ended 31/12/18 £ |
|---|---|---|
| Current tax: | | |
| Adjustment in respect of prior periods | 5,242 | - |
| Deferred tax: | | |
| Reversal of timing differences | 69,055 | - |
| Impact of change in tax rate | 6,905 | 1,563 |
| Adjustment in respect of prior periods | 129,430 | - |
| Tax losses carried forward | 49,435 | (14,852) |
| Total deferred tax | 254,825 | (13,289) |
| Tax on loss | 260,067 | (13,289) |

## 6. Taxation - continued

**Reconciliation of total tax charge/(credit) included in profit and loss**
The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | Period 1/1/19 to 31/3/20 £ | Year ended 31/12/18 £ |
|---|---|---|
| Loss before tax | (56,687) | (79,824) |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | (10,771) | (15,167) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,634 | - |
| Adjustments to tax charge in respect of previous periods | 134,672 | - |
| Effect of change in corporation tax rate | 6,905 | 1,878 |
| Taxable income on share of LLP profits | 125,627 | - |
| Total tax charge/(credit) | 260,067 | (13,289) |

The UK corporation tax rate was 19% at year end. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). The new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements and closing deferred tax is provided at 19% (31 December 2018: 17%).

## 7. Fixed asset investments

| | Interest in joint venture £ |
|---|---|
| **Cost** | |
| At 1 January 2019 and 31 March 2020 | 759,000 |
| **Net book value** | |
| At 31 March 2020 | 759,000 |
| At 31 December 2018 | 759,000 |

**Ferndale Wind Limited**

**Notes to the Financial Statements - continued**
**For The Period 1 January 2019 to 31 March 2020**

## 7. Fixed asset investments - continued

The company holds an 13.8% interest in Wind Assets LLP, which is incorporated in Great Britain and is registered in England and Wales. The Company has joint control over this entity and accordingly it has been accounted for as a joint venture at historical cost less impairment, and has not been consolidated. The principle activity of this joint venture is to finance and operate two wind farms in South Wales.

In the opinion of the directors, the value of the investment in the LLP is not less than the amount stated in the statement of financial position.

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

| | 31/3/20 | 31/12/18 |
|---|---|---|
| | £ | £ |
| Amounts owed by group undertakings | - | 215,523 |
| Deferred tax asset | - | 70,733 |
| | - | 286,256 |

Deferred tax asset

| | 31/12/18 |
|---|---|
| | £ |
| Tax losses carried forward | 70,733 |

The loan to Wind Assets LLP of £nil (31 December 2018: £216,000) bears no interest and will be repaid through future distribution from the LLP. The loan is payable on demand, however, the Company has no intention of demanding repayment until such time as the LLP has sufficient funds.

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

| | 31/3/20 | 31/12/18 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | 324,401 | 12,545 |
| Amounts owed to joint ventures | - | 876,525 |
| | 324,401 | 889,070 |

Amounts owed to group companies are repayable on demand.

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

| | 31/3/20 | 31/12/18 |
|---|---|---|
| | £ | £ |
| Amounts owed to joint ventures | 914,260 | - |
| Amounts owed to associates | - | 503,185 |
| | 914,260 | 503,185 |

**Ferndale Wind Limited**

**Notes to the Financial Statements - continued**
**For The Period 1 January 2019 to 31 March 2020**

## 10. Creditors: amounts falling due after more than one year - continued

**Subordinated debt**
On 16 March 2016, the Company entered into a loan agreement with its parent company, JLEAG Wind limited for an amount of £1,259,000.
Following refinancing of the group, within which the Company is a member of, on 6 March 2019, this loan had increased from £514,405 to £524,023 and interest rate has changed from 10.5% to 11% per annum.

During the year the Company made repayments of £213,383 (31 December 2018: £555,000) against the principal loan. The principal balance was £310,640 as at 31 March 2020 (31 December 2018: £514,000) and the outstanding interest was £8,519 (31 December 2018: £nil). The loan is repayable on demand, however, the parent company has no intention of demanding repayment until such time as the Company has sufficient funds.

**Amounts owed to interests in LLP**
The loan from Wind Assets LLP of £914,260 (31 December 2018: £877,000) bears no interest and will be repaid through future distributions from the LLP. The loan is payable on demand, however, Wind Assets LLP has no intention of demanding repayment until such time as the Company has sufficient funds.

The remaining balance of £5,242 (31 December 2018: £nil) relates to intercompany group relief owed to BL Wind limited.

## 11. Provisions for liabilities

| | 31/3/20 |
|---|---|
| | £ |
| Deferred tax | |
| Accelerated capital allowances | 472,586 |
| Tax losses carried forward | (288,494) |
| | 184,092 |

| | Deferred tax |
|---|---|
| | £ |
| Balance at 1 January 2019 | (70,733) |
| Charge to Statement of Comprehensive Income during period | 254,825 |
| Balance at 31 March 2020 | 184,092 |

## 12. Called up share capital

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31/3/20 | 31/12/18 |
|---|---|---|---|---|
| | | | £ | £ |
| 1 | Ordinary Shares | 1 | 1 | 1 |

## 13. Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

## 14. Non adjusting events after the financial period

As noted in the Directors' Report the directors have considered the impact of the COVID-19 pandemic. At the time of signing, it is expected that the pandemic will have a limited impact on the performance of the wind farm. Accordingly, there has been no adjustment to any current or prior year figures as a result of the pandemic, and the going concern basis is still deemed appropriate.

## 15. Ultimate controlling party

The Company's ultimate parent and controlling entity is JLEN Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands, with a registered address of Sarnia House, Le Truchot, St. Peter Port, Guernsey, GY1 4NA.

Copies of the financial statements of JLEN Environmental Assets Group Limited are available from the website www.jlen.com.

The Company's immediate parent company is JLEAG Wind Limited, a company incorporated in Great Britain and registered in England & Wales. The smallest group in which its results are consolidated is JLEAG Wind Limited and the largest group in which its results are consolidated is JLEAG Wind Holding Limited. Both of these parent companies have a registered office of C/O Foresight Group Llp The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG and copies of the consolidated financial statements are available from Companies House.