Fern Annual Report and Accounts 2019

Registered No. 06447318

FERN TRADING

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Group snapshot

Revenue

Revenue has increased by over 30% in the last 3 years from **£293m** in 2017 to **£394m** in 2019.

Carbon offsets

Our renewable energy sites' carbon saving in the year grew by **18%** to over **1,050,000** carbon tonnes

Energy generation

Our renewable energy assets produce enough energy to fuel **660,000** UK homes

Number of loans

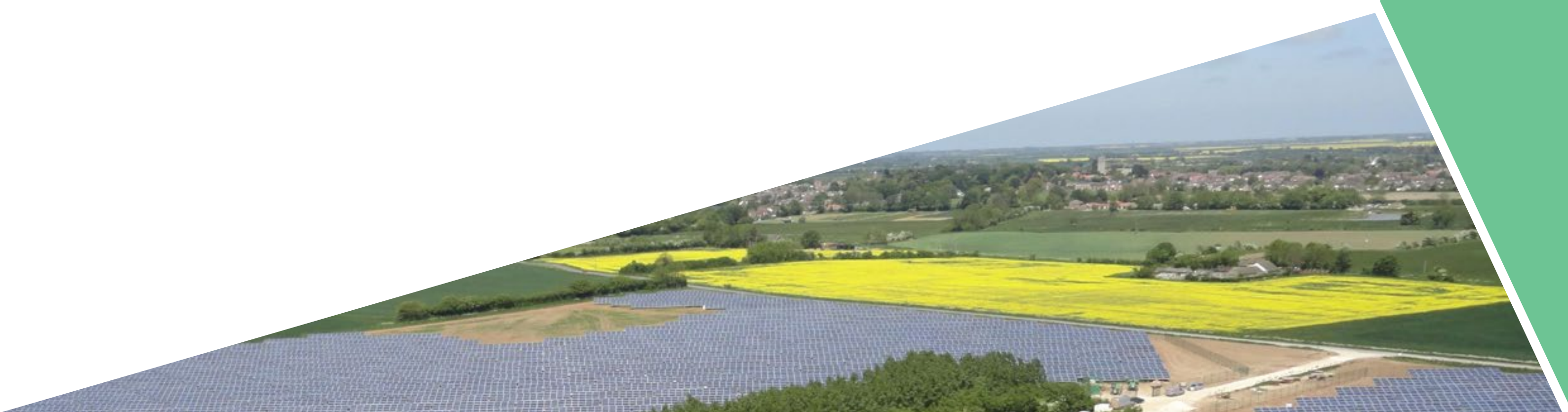
We provide financing to over **280** borrowers in the UK

Number of employees

We employ a total of **577** people

Number of sites

We own **172** renewable energy sites spread predominantly across the UK



1 | OVERVIEW

Our strategy in focus

Our Business

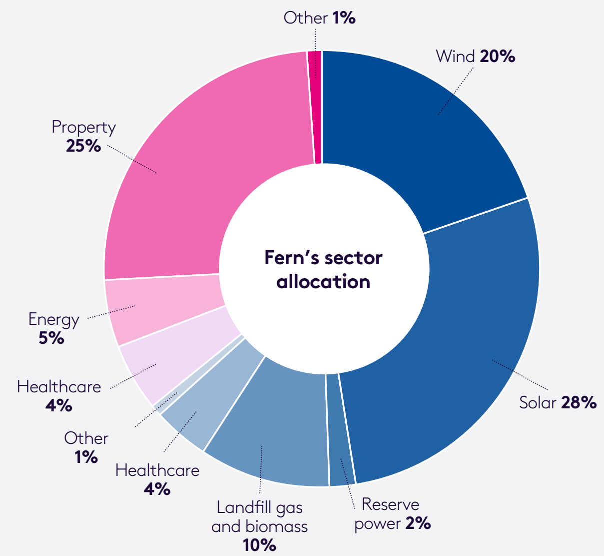
Fern Trading Limited (Fern) is the parent company of a group of 271 subsidiaries (the Group). Our Group operates across three core areas; Short & Medium Term Lending, Renewable Energy Development & Operation and Healthcare. Over the past nine years we have systematically and deliberately built a diversified group of operating businesses well positioned to deliver long-term value and predictable returns for our shareholders. The success of our approach has been demonstrated through consistent share-price growth year on year, and a 6% uplift for the year to June 2019.

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

The majority of the Group's business is based in the UK but in recent years we have been able to expand our operations internationally, developing overseas divisions that utilise the skills built in the UK in areas where returns are more attractive than those currently available domestically. As well as affording strong prospects for stable growth, this also enables the Group to further diversify its revenue base beyond the UK power market.

The scale of our business is a fundamental strength. Operating a Group with Net Assets of £1.6bn brings the opportunity to acquire large scale, established operations, enabling us to continue to diversify our business without compromising on the quality of our operations. It also means our business is capable of being diversified across a significant number of loans, sites and businesses within our chosen sectors, despite each being of significant scale in its own right. Over the last nine years we have steadily grown our business to one that is spread across 10 sectors, 271 subsidiary companies and that owns almost 500 separate assets, while continuing to enter new sectors only after careful consideration.

Sector Split*



Owning and operating assets 65%
Lending 35%

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

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Our strategy in focus

Our Group has a carefully diversified business and operates across 3 core areas:

1. Owning and operating renewable energy sites

We generate power from sustainable sources and sell the energy produced either directly to industrial consumers or to large networks. Many of our renewable energy sites also qualify for government incentives, which represent an additional source of income.

2. Short and medium term lending

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

3. Owning and operating healthcare infrastructure

We own a number of high-quality healthcare sites, such as retirement villages and private hospitals, supporting this important sector across the UK.

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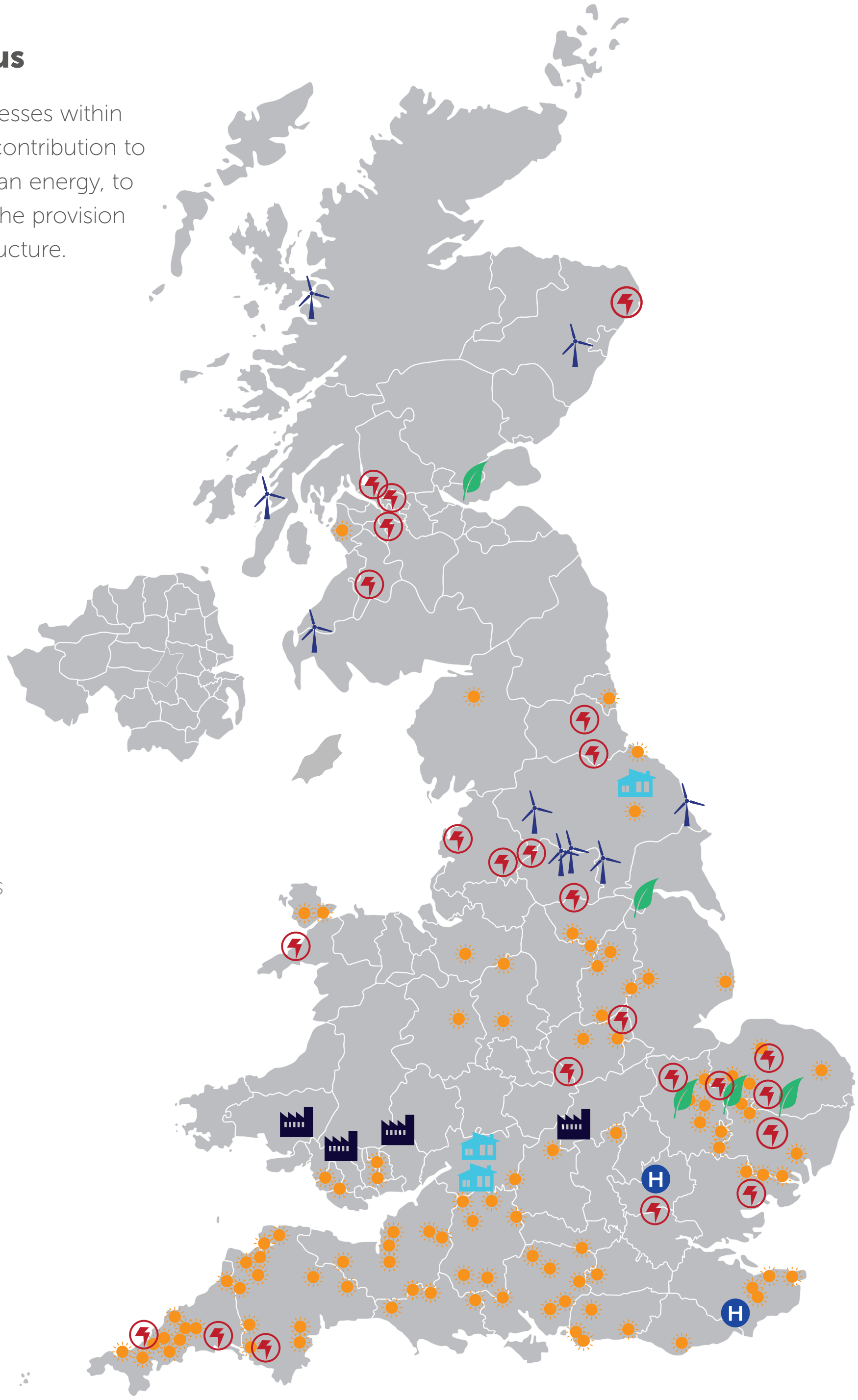
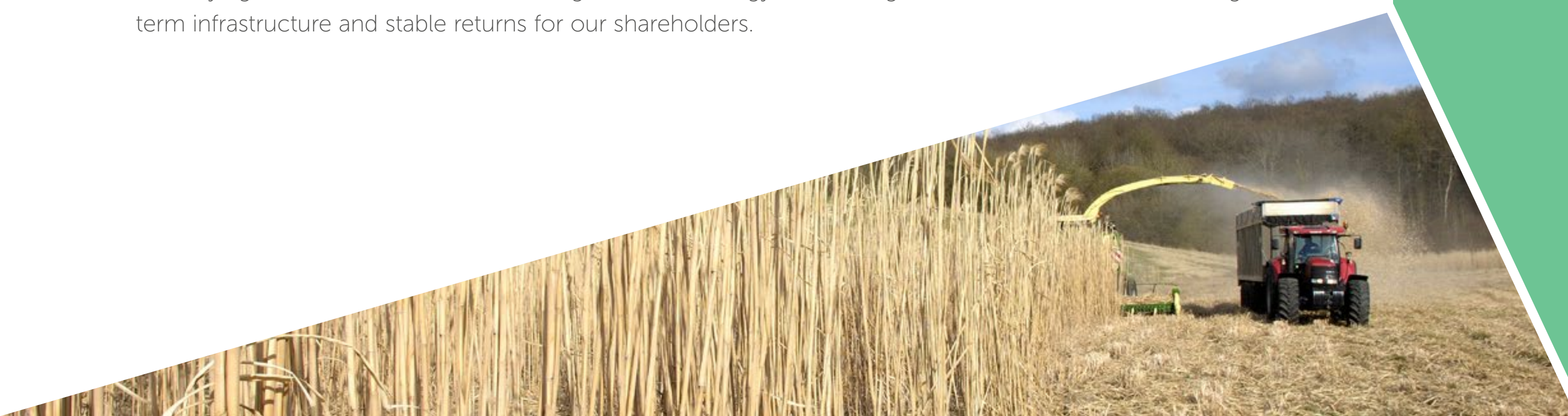
Our strategy in focus

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



- Solar sites
- Landfill gas facilities
- Biomass power stations
- Wind farms
- Reserve power plants
- Retirement villages
- Hospitals

We are a large and diverse Group with operations throughout the UK and overseas. Expertise gained operating these businesses has enabled us to capitalise on new opportunities beyond the UK; further diversifying our business while maintaining our core strategy of focusing on sectors that deliver vital long-term infrastructure and stable returns for our shareholders.



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Our strategy in focus

Our Businesses

Renewable Energy Operations

Our Renewable Energy Operations business owns and operates 172 renewable energy sites as well as using our expertise to construct sites for future sale. The Group has been active in supporting renewable energy in the UK for many years and has grown to be the largest producer of renewable energy from commercial scale solar sites in the UK. We initially provided funding for the construction of solar energy sites as part of our lending business, and for the last five years have acquired a large number of renewable energy businesses, over 150 of which are currently owned and operated by the Group. Renewable energy sites are typically expected to generate stable profits for many years, as such owning and operating these businesses is attractive to the Group because of their potential to deliver predictable profits over the long-term.

Renewable energy sites generate power from sustainable sources and sell energy produced either directly to large industrial consumers or to large networks. Many of our renewable energy sites also qualify for government incentives. Government incentives for renewable energy are 'locked in' for a specified period once a qualifying site is operational and accreditation has been granted. This means that any changes to subsidies that are announced after incentives have been accredited would not be expected to alter the revenues generated by each site. The long-term predictability of the income offered by government incentives, and increasing consumer demand for energy supply, make renewable energy an attractive sector. As new sites built do not qualify for historic Government incentives, we are seeing more interest in the market for sites like the ones we own and operate.

Owning and operating renewable energy sites is a core part of our strategy, enabling us to have good visibility over future potential for profits and growth for shareholders. This has grown to 60% of the Group. This part of the our business typically generates lower returns than our lending operations but crucially they have the potential to provide stable returns over the long term. This combination is key to our strategy to balance risk and return across the range of Group activities to generate target returns for shareholders.

"Our Renewable Energy sites generate 1,207MWh power."

While our renewable energy business started life in the solar energy sector, the Group has built expertise across many other adjacent renewable technologies including wind energy, biomass and landfill gas, supported by reserve power plants which provide backup power to the National Grid. The Group therefore benefits from diversification within this part of its business, since weaker conditions for energy production from one technology often result in stronger production elsewhere. The Group also gains significant benefit from its scale in this sector as our business is spread across over 200 sites (including 172 renewable energy sites), vastly reducing the risk to Group profitability if one site suffers an operational disruption.

Following several years of large acquisitions across our energy business, we are now seeing the benefit of our focus and expertise in this area, as revenue from Energy Operations has increased to £312m during the year (2018: £280m).

Over the last three years we have leveraged our knowledge and experience in this sector to expand our business into the development of solar energy sites for sale.

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Our strategy in focus

In the year to June 2019 we successfully sold six solar sites that we had developed for sale. In doing so, we have been able to access attractive levels of profits in this sector that we know very well. We have also expanded our development operations into some carefully selected overseas jurisdictions which present attractive complementary opportunities, utilising our sector expertise in countries at an earlier stage of renewable energy development than the UK, and therefore offering potential for attractive returns.

Our strategy across the Renewable Energy Operations business includes securing long-term financing from mainstream banks which enhances our returns. The scale of our business and the stable revenues from our Energy sites provides us with strong negotiating capacity to secure leverage at highly competitive interest rates. We have demonstrated this during the year where we have secured improved terms across two of our large facilities.

To further manage our cashflow and pipeline of committed loan facilities, we also have a revolving credit facility which provides short-term access to additional cash and helps us to smooth out certain periods of high cash demand whilst ensuring strong returns to investors.

Short and medium term lending

Lending continues to be a core part of our business and has provided the Group with a profitable and cash generative sector over the last nine years. We have grown our lending business during the year and had a loan book of £619m at 30 June 2019 (2018: £497m), a 25% increase.

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

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

Not all loans will perform as expected and our business is designed to mitigate the impact of this due to the size of each loan we make relative to the size of our lending business. Our loan book is currently spread across 282 separate loans with an average loan of £2.2m. There have been challenges in some of our development loans to businesses in the healthcare sector resulting in £41m provisions against healthcare loans during the year, 2.6% of net assets at the year end. However, we take high quality security when we make a loan which enables us to take necessary action to recover value for our shareholders, including the option for us to step in and manage non-performing businesses where we deem this to be the best course of action. The accounting impact of this on our current year accounts is explained in the financial review.

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Our strategy in focus

Owning and operating healthcare infrastructure
Following the acquisition of Rangeford Holdings Limited in February 2017, the Group continues to develop high quality retirement accommodation for sale to people aged over 60, and then operates the retirement villages on an ongoing basis. Since taking control of this business we have replaced the management team and the business has made progress in the year, achieving a 2.3x increase in apartment sales rates.

During the year we have acquired a private hospital business in similar circumstances and are confident that we can improve trading by careful review and re-orientation of the way the business operates.

Potential for Growth
Our ongoing goal to expand and diversify our Group has led us to identify opportunities in adjacent, complementary or new sectors which we think have the potential to become meaningful parts of the Group over time.

We have been able to capitalise on our expertise and experience in the renewable energy sector and continue to develop sites to sell to other operators. This provides a valuable, additional source of revenue to our renewable energy business. We have also been able to build on our experience of operating energy sites in the UK to access more attractive opportunities overseas.

"Our loan book includes loans to over 280 individual borrowers."

A new sector that the Group has entered during the year is fibre optic broadband. During the year we acquired Jurassic Fibre Limited ("Jurassic Fibre"), a company that is building a fibre to the premises network to more than 300,000 homes in Devon, Dorset and Somerset, an area currently underserved by other broadband providers. This is currently a very small part of our Group, but once proven, it has the potential to grow to be a significant part of our business over the coming years.

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Chief Executive's Review

Overall, I am happy with the performance of Fern Trading Limited ("Fern" or "the Group") over the past year, despite one-off costs contributing to an accounting loss before tax of £35m. Despite these challenges, we have been steadily growing our business since 2010, and this carefully managed growth continued in the year with net assets growing by £72m, and a 6% uplift in our share price, higher than our target 4.2% return.

The one-off costs were primarily due to provisions made against development loans and hedging costs relating to the refinance of our debt in our Energy Operations business. In our financial statements we cannot revalue our subsidiaries upwards to fair market value whereas this is included in our share price.

Our group has grown to more than 250 companies, each focused on one of the key sectors in which we operate. This scale has enabled us to build a diversified business, with Group companies undertaking a range of activities designed to target steady growth over the long-term for our shareholders.

A reflection on our year

Our business saw strong revenue growth and deployment during the year, resulting in £394m of revenues across the Group (2018: £352m) and net assets of £1,644m (2018: £1,572m).

We are particularly pleased with the performance of the Group's Renewable Energy business. Over half of our business comprises renewable energy generating assets such as solar energy sites and wind farms, which provide predictable, and long-term revenue streams. In the year to June 2019 this sector increased revenues by 11% to £312m.

It is a feature of this business that before sites reach full operational capability, they can report an accounting loss despite being cash generative as finance costs and accounting charges, such as depreciation, exceed revenues. Our results for the current year include sites that were constructed in the prior year and have now been fully operational for a full financial year.

Our property lending business continued to perform well, achieving 10% revenue growth. At the end of the year, 251 loans were in issue (2018: 224) and activity in the sector remained high despite the continued economic and political uncertainty surrounding Brexit.

"We employ more than 570 full time staff across the businesses that we own and operate. We also indirectly provide employment for hundreds more people via contracts that we have in place."

Unfortunately, some of our construction loans in the healthcare sector performed less well, and we made the difficult decision to take over management of one of our borrowers during the year in order to protect value for our shareholders and to offer continuing financial support for that business. At the same time, we were obliged to record a loss against the loan in issue, which has contributed to the Group reporting an accounting loss for the financial year. We are confident that through careful management we will maximise value for our shareholders. As with all our loans, we undertook appropriate due diligence of the borrowers and business plans prior to writing these loans and at the time of investment we considered the outlook for Healthcare infrastructure to be attractive. Following changes in the UK economy which have led to declining property prices, less resource for private healthcare initiatives and a higher living wage, some of these loans have not performed as well as we expected, however we are positive about the opportunity for growth that operating two Healthcare businesses presents.

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Chief Executive's Review

As a business we take our social responsibility seriously, and we were delighted to see that the London Stock Exchange has named Fern Trading Limited on its 2018 list of 1,000 Companies to Inspire, an annual report that identifies 1,000 of the UK's most dynamic businesses. All entrants are trading businesses making a tangible contribution to the UK economy, in sectors ranging from manufacturing to healthcare. The businesses that make the final list of 1,000 are those that have most outperformed their sector averages. We are proud to have become one of the UK's fastest growing specialist companies, both in terms of the jobs we have created and the sectors we are able to support.

Leveraging our experience to grow and develop the business

Our business strategy is designed to target steady long-term growth for our shareholders both through owning and operating businesses that are underpinned by valuable capital assets and through operating a high quality and large scale lending business. We are positioned to benefit from the financial upside that short-term opportunities can bring, whilst having visibility and security over profitability and growth from the businesses that we expect to own and operate for the long-term. While this period has been focused on organic growth in core sectors, our scale has enabled us to increase the diversification in the Group to include new opportunities, for example fibre optic broadband, with the potential to scale in the future.

Over the last nine years, we have established ourselves as one of the largest owners and operators of renewable assets in the UK. We are the UK's largest producer of solar energy from commercial-scale sites, and we have built on this expertise to grow our business into other renewable technologies such as wind energy, biomass and landfill gas. We produce more than 6% of the UK's solar energy and 2.5% of the UK's onshore wind energy output – a significant contribution to the UK's green energy targets. We have also built an impressive short-and-medium term lending business with a loan book of over £600m that facilitates the construction and improvement of homes, renewable energy assets and healthcare infrastructure throughout the UK.

We were excited to complete the acquisition of Jurassic Fibre during the year, a company dedicated to rolling out ultra-fast fibre optic broadband throughout South-West England. With more content than ever consumed online, the government has recognised that there has been underinvestment in this sector and have set a target to have 15m premises connected to full fibre optic broadband by 2025. Through Jurassic Fibre, we have the opportunity to contribute towards this ambitious target, initially focussing on supplying areas of South-West England, an area currently underserved by the existing fibre networks.

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Chief Executive's Review

The Group has also diversified its Energy Operations outside the UK, using our industry expertise in less mature markets than the UK Renewable Energy market. This enabled us to acquire sites ready for the development of wind farms in Finland and France, as well as a site in New South Wales, Australia ready for development of a 333MWh solar site.

Current trading and outlook

Since the year end, the Group has continued to perform steadily and in line with our expectations. Our property lending business is continuing to perform strongly, despite the uncertain economic outlook. We continue to adopt a disciplined approach to due diligence, maintain acceptable loan to value ratios and seek diversity across our lending business, and therefore despite the economic uncertainty and competition in the market, we believe that our business is well positioned to continue to grow.

We have continued to expand our Renewable Energy Operations business, with the acquisition of eight operational wind farms and one site ready for the construction of a wind farm. This has added 245MWh to our energy generation, with a further 30MWh expected once the site under construction is complete.

Across the world, we have seen thousands of people taking a stand against governments and corporations to raise the climate change agenda. This reinforces our view that renewable energy should continue to be a key part of our strategy moving forward, to make a positive impact to the environment.

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

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

Paul Latham
Chief Executive Officer
16 December 2019

"We provide enough renewable energy to power every home in Northern Ireland from the renewable energy sites we own."

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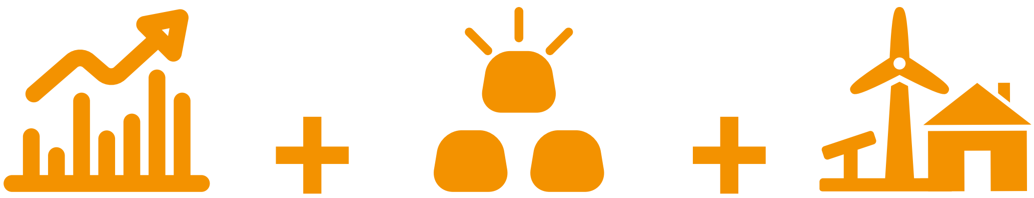
Our strategy

Making a difference

The sectors we have chosen to operate in, such as renewable energy and healthcare, are ones we believe deliver long-term vital infrastructure. We continue to position the Group to deliver long-term sustainable growth for our shareholders. The below table illustrates our primary business lines and how we believe we achieve this while operating the Group to make a valuable social contribution.



Delivering sustainable growth + **Maintaining high quality assets** + **Diversified business**

Energy Operations	Asset backed lending	Healthcare Operations
We own and operate energy sites as well as developing new sites for sale	We provide short to medium term financing to experienced property professionals and for the development of high value business assets such as healthcare facilities	We specialise in creating and operating a high-quality living environment for the over 60's
Helping the UK to meet its targets for renewable energy production	Helping to provide healthcare and housing for society	Helping address the housing and care needs of an ageing population

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Directors

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

Paul Latham Chief Executive

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

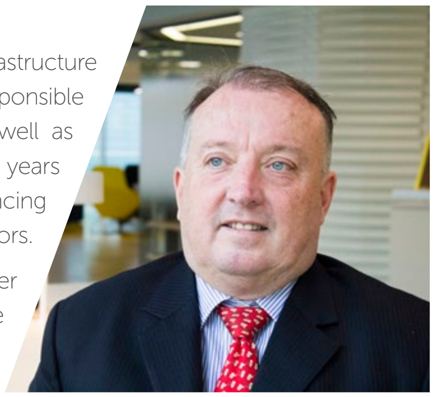
Paul has had various general management and internal consulting roles across a number of sectors and brings with him a wealth of industry and business experience.

Keith Willey Non-Executive Chairman

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

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

Peter Barlow Non-Executive Director



Peter has almost 30 years' experience in international financing of infrastructure and energy. As a senior executive for International Power, Peter was responsible for arranging over USD12bn of project and corporate funding, as well as banking relationships and treasury activities. He has spent over 20 years working internationally for HSBC, Bank of America and Nomura, financing acquisitions and greenfield projects in the energy and infrastructure sectors.

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

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Principal risks and uncertainties

Management acknowledge that risks are present in all businesses and that the exposure to such risk can be heavily influenced by the operational and strategic decisions made. Overall risk exposure is minimised across the Group through the diversification of our activities, both by type of activity and by sector.

The key risks that the Group are exposed to relate to energy prices, property prices and counterparty risk of borrowers. These risks are managed by thorough due diligence on new operating businesses or potential borrowers, and on the value of the assets securitised for new loans.

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

Risk	Mitigations	Change
Energy market and performance risk (renewable energy operations): Once operational, there is a risk that energy-generating assets could fail to achieve forecast levels of income due to changes in energy prices, unpredictable weather conditions and/or operational availability.	Fluctuations in energy prices are mitigated by entering into contracts which fix a portion of our energy income, reducing exposure to underlying energy prices. 57% of our UK solar sites have fixed price power purchase agreements in place, while our French solar sites benefit from a high proportion of fixed revenues under the feed-in tariffs scheme. Long-term government-backed offtake agreements, such as the Renewable Obligation Certificate ("ROC") scheme* underpin certain revenue streams. The percentage of energy income covered by ROC subsidies is 45% (2018: 51%). Unpredictability of the weather is mitigated through the diversification of energy sectors in which the Group operates. Operational strategy and servicing of assets are optimised to maximise availability of assets.	= No change
Political risk (renewable energy operations): There is a risk that significant changes in the political landscape could impact revenue generated from government-backed offtake agreements or subsidies.	Although potential changes of leadership naturally increase uncertainty, the UK, where the majority of the energy assets are located, is generally considered to be a stable regulatory regime with no history of retrospective change to government-backed incentives. The potential impact of any future legislative changes is monitored on an ongoing basis.	= No change
Property market risk (healthcare operations): Decreases in the market value of retirement apartments could leave the Group unable to achieve forecast revenues and margins from its retirement village development business.	Planning consents on undeveloped land are optimised to maximise available revenues. High quality build specifications are designed to maintain the value of apartments, and costs incurred are kept under close review throughout the development process.	= No change

*The Renewables Obligation ("RO") requires electricity suppliers to source a specified proportion of the electricity they supply to their customers from renewables. Renewable Obligation Certificates ("ROC") are issued to renewable energy generators based on their amount of eligible renewable output. Suppliers must comply with the RO in one of two ways; either by submitting ROCs (which they purchase from the generator) or paying a buyout fee (fixed each year) to OFGEM. At the end of each ROC compliance period the funds raised by OFGEM from suppliers who paid the buyout fee are paid back to the suppliers that submitted ROCs. This payback to suppliers is known as the ROC Recycle. The ROC Recycle is passed through from the supplier to the generator at a level determined by the Power Purchasing Agreement between the generator and the supplier. Fern, as a generator, therefore earns ROC revenue in two ways: by selling ROCs to suppliers, and by receiving the pass-through of the ROC Recycle from the supplier at the end of the ROC compliance period.

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Principal risks and uncertainties

Risk	Key mitigations	Change
Health and safety regulatory risk (renewable energy and healthcare operations): There is a risk that inadequate health and safety procedures could increase the risk of accidents, potentially causing harm to the Group's employees, contractors or members of the public. Breaches in health and safety regulations could lead to financial penalties, reputational damage, or disruption to operations.	Health and safety across the Group's activities is given critical priority by the board. We have engaged a Health and Safety Executive to oversee all aspects of our health and safety compliance and who updates the Board on a regular basis. The Group works closely with any third parties contracted to manage its energy or healthcare assets to ensure adherence to health and safety procedures. Any incidents are investigated thoroughly and reported under the Health and Safety Executive's reporting requirements.	↑ due to more sites owned
Counterparty and asset risk (lending): Loans made through the Group's lending business could be made to unsuitable counterparties or decreases in the value of properties or assets that loans are secured against could prevent full repayment of the loan or lower than expected income being earned in the event that repayments are not made as contracted. In the case of development financing, there is a risk that delays to construction or increased development costs could impact on the borrower's ability to repay the loan and the value of the security compared to the outstanding loan amount.	Loans are secured against solid underlying security, such as a charge over the property or other assets of the borrower. Thorough due diligence, including property or land valuations, is undertaken prior to all lending. Loans are only made at sustainable loan to value ratios and over the short or medium term. For property lending, average loan to values are 63.7% and average loan terms are 19 months. Development progress and relevant covenants on development financing are monitored on an ongoing basis. Development loans are advanced on a stage completion basis.	= No change

The Group may enter into hedging transactions in relation to currency, interest rates and power prices for the purposes of efficient portfolio management. Where the Group enters into borrowing arrangements with floating rate interest, a swap arrangement is entered into to fix a portion of the interest in order to mitigate against an increase in interest rates. The portion of interest to be fixed is assessed on a case by case basis. Where significant cashflows in foreign currency can be reliably estimated, forward currency contracts are entered into at the time of project approval to mitigate against fluctuations in exchange rates. Management can elect whether to hedge account for these arrangements on an individual transaction basis, and have elected to apply hedge accounting for interest rate swaps. The Group will not enter into derivative transactions for speculative purposes. The Group may borrow in currencies other than Pounds Sterling as part of its currency hedging strategy. Further information is provided in note 18.

Liquidity risk arises on bank loans in place across the Group, and is managed through careful monitoring of covenants and sensible levels of debt across the Group. The majority of borrowing is on a long term basis, whereas our energy revenue is received throughout the year, as well as interest and redemptions on our short term loan book. Cash flow risk is managed through ongoing cash flow forecasting to ensure receipts are sufficient to meet liabilities as they fall due. The Group also has a flexible finance facility which can be drawn or repaid to meet immediate business needs.

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Social responsibility

We understand that sustainable long-term returns stem from behaving responsibly, as such good conduct is at the core of everything we do. We seek to act with integrity and responsibility in our approach to our environment and community.

Climate change and environmental impacts

Our involvement in renewable energy, both as a lender and operator of over 170 renewable energy sites, has enabled us to make a positive contribution to the climate change agenda. We have recently broadened our impact by lending to cleaner transport options such as electric taxis.

Local communities and socio-economic impact

The Group also runs a social enterprise, The Fern Community Funds, which works to distribute the community funds generated from our wind farms. Round 1 of our Grant scheme, which closed in March 2019, resulted in over £220,000 being awarded to a number of community projects including Fort Augustus Housing Development, Trees for Life, the Carbon Literacy Project, and Glengarry Community Trust, among others.

In addition to the grants provided, the Fern Community Funds have supported seven local university students with grants through our Student scholarship fund, and provided a winter fuel subsidy to 138 residents.

Business ethics and governance

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of the Group. Further detail can be found in the statement of directors responsibilities on page 24. In the year to 30 June 2019 no areas of concern have been flagged in this regard.

"We provide loans for electric taxis, helping to reduce emissions in our cities."

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Group finance review

Review of Financial Statements

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

Where the Group has acquired operating businesses, the accounts will reflect the cost of acquiring those businesses (less any impairment deemed necessary). The accounts do not and cannot reflect the future value that the Group expects to derive from these businesses and to that extent accounting performance may differ materially from the Group share price and may not reflect changes in the full market value of assets or businesses owned by the Group.

	2019 £000's	2018 (as restated) £000's	Movement £000's	Movement %
Revenue*	**393,520**	351,787	41,733	11.9%
EBITDA	**113,687**	155,168	(41,481)	(26.7)%
(Loss)/profit before tax*	**(35,031)**	4,361	(39,392)	(903.3)%
Lending book (net of provisions)	**619,227**	496,898	122,329	24.6%
Cash	**122,185**	101,216	20,969	20.7%
Net debt	**838,429**	796,969	41,460	5.2%
Net assets	**1,644,154**	1,571,912	72,242	4.6%

Financial performance

The group has reported strong revenue growth during the financial year, increasing by 12% to £394m. Revenue growth was strongest in our energy operations businesses where an increase in export capacity and ROC income helped deliver an 11% uplift, but we also saw increased revenues in our Healthcare businesses following a 2.3x increase in apartment sales in our retirement villages. Revenues were further enhanced by the inclusion of revenues from two private hospitals ("One Healthcare") that were acquired part way through the year.

Conversely, Group EBITDA decreased by 27% to £113.7m, and consequently the Group has reported a post-tax loss of £41.6m (2018: £3.2m loss). Losses were principally the result of one-off provisions and write offs made in our development lending business.

The "One Healthcare" business was previously a borrower from our development lending business and became part of the Group following a default on the loan and the subsequent decision that we could achieve a better return for shareholders by taking over management of these operations than by continuing to seek repayment of amounts owed. During this process, £27.4m was written off against the loan and while regrettable not to be able to recover the loan as expected, this outcome demonstrates the high level of security that we insist on taking when writing loans.

2 | STRATEGIC REPORT

Group finance review

Financial position

Continued shareholder interest and investment in Fern has seen net assets grow to £1.64bn.

The Group's loan book across both property lending and development finance has grown by 25% to £619m (2018: £497m), and now represents 38% of net assets (2018: 32%). This has been driven by almost 200 new property loans completed during the financial year (2018: 125).

Tangible fixed assets continue to represent a significant proportion of Group net assets at 72% (2018: 69%). This will continue to be an important part of the balance sheet as all aspects of Renewable Energy Operations are asset intensive businesses.

Goodwill, at £590m (2018: £602m), is a significant number on the balance sheet and arises on the acquisition of businesses. Acquired businesses, for example renewable energy sites, often have a market value derived from their reliable future income streams. Accounting convention requires that only identifiable assets are named on the balance sheet and so the accounts record the balance of market value which comprises the future profits that sites are expected to deliver as goodwill.

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

We continue to carefully manage cash balances throughout the Group. Year-end cash balances of £122m were £21m higher than at the previous year end. Cash balances of £92m were held in our energy subsidiaries, where there are a number of large development projects underway, requiring cash to be readily available for stage payments. The cash requirements are considered carefully throughout the Group and a further £25m was held within Fern Trading Limited at the year-end to provide an appropriate level of short-term liquidity to service lending operations.

2 | STRATEGIC REPORT

Group finance review

Lending

The property element of our lending business has continued to perform well during the year. There was a 25% increase in the loan book during the year, with 282 loans in issue (2018: 255 loans).

Revenue across the lending operations was £64m, in line with the previous year despite an increase in the size of the loan book, partly due to a decrease in average interest rate on property loans to 8.3% (2018: 8.8%).

Energy Operations

Our renewable energy operations business has had a strong year; revenues have continued to grow, and the business has reported a net increase in revenue of 11%.

Increased revenue is driven by several factors, including increased capacity throughout the year, and strong ROC production (explained on page 15).

EBITDA of £130m remains strong (2018: £137m). This performance is in line with business expectations as many of the sites have now been operational for several years. In previous years, some of the sites have reported an accounting loss as depreciation and financing costs exceeded pre-capacity revenues. As these sites become fully operational this situation is reversed and expected profits are realised.

This trend is expected to continue over the coming years as several of the wind sites are at an earlier stage than the solar sites. As capacity on these sites reaches full operating potential, we expect their profits to increase.

Refinancing activity continues to have an impact on the financial results. Prior year accounts included one-off financing costs in relation to Melton Renewable Energy, our biomass and landfill gas business as the debt in place when the business was acquired reached the end of its term. Our team were able to secure significantly better terms to replace this financing. Consequently, the business has reported a pre-tax profit of £11.2m, from a loss of £1.2m in 2018.

In the year to June 2019 the business undertook a similar exercise in relation to our wind energy business. The one-off costs of this exercise are included in the current year accounts, decreasing profits by £4.6m, but will result in a lower interest expense in future years of approximately £1.5m per year. The one-off costs recognised include £15.2m in relation to hedge accounting for interest rate swaps on the old facility. Had the refinance not occurred, this cost would have been spread over the term of the loan facility, however due to the refinance we were required to recognise this cost in full during the year. This future interest saving will not be recognised in our accounts until it is realised, however it is reflected in our share price performance, which takes into account expected future income streams.

Returns for this sector include £4.9m profits in our renewables development business where six sites were sold in the year. We expect this part of the business to deliver strong returns over the coming years with sites in Australia and Finland currently in development for future sale.

2 | STRATEGIC REPORT

Group finance review

Healthcare Operations

Our healthcare division comprises the Rangeford Retirement Villages and as of this year a private hospital business. Healthcare contributed £17.7m (2018: £8.2m) to Group revenues for the year, of which £5.1m relates to the new hospitals, but a loss before tax for this part of the business was £11.9m.

Fern was previously a lender to Rangeford but took ownership of the business following a default on the loan, when it believed that it could deliver better value for the business by taking operational control. The hospital acquisition was made for similar reasons. While not reflective of our intention when writing the loan we are confident that this course of action will deliver the best possible return on the initial loan made and the highest level of support for the business' continuing operations. It also demonstrates the quality and strength of the security that the Group takes against loans of this nature

Both businesses benefited from a new management team post transition, and in the current year Rangeford has seen the benefit of this with a new phase of development at their Wadswick Green site underway, a 130% increase in apartment sales, and £4.3m revenue growth from apartment sales during the year.

Fibre Optic Broadband Operations

Fibre optic broadband is a new sector that the Group added to its business in the year. In line with our strategy to increase diversification by adding complementary businesses, we acquired Jurassic Fibre in February 2019, a business focused on the delivery of high speed fibre broadband to the South-West of the UK. The company is currently in the process of building out the first phase of its fibre optic network in the East Devon area, and expects to provide connectivity to thousands of homes over the next year. Following this, Jurassic Fibre have plans to expand operations across the South West in the coming years. The company is currently focused on the development of the fibre optic network, and as such is pre-revenue, but has a business plan to become operational within the next year.

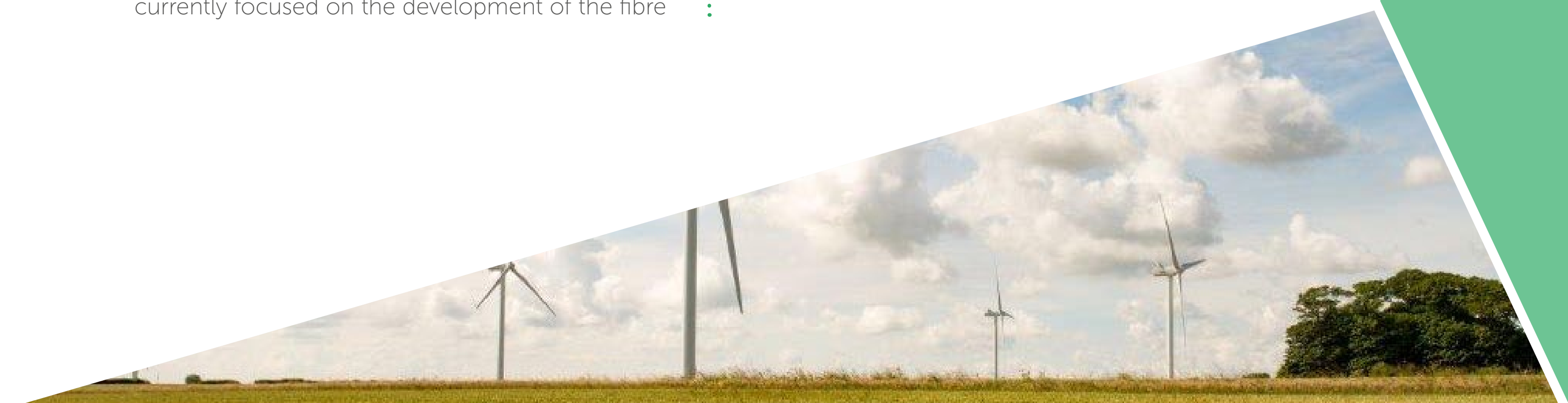
The early loss of £1.3m in 2019 was expected as the business is not yet revenue generative and has operational costs. In common with all our businesses, future value cannot be expressed on the balance sheet, but is captured in the Group share price.

Financing

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

This enables us to acquire businesses that the market considers to have more favourable characteristics such as predictable cost base, revenue streams, government incentives or technology and as such have lower returns that without leverage would be insufficient for our shareholders. It also allows us flexibility in financing our businesses and managing cashflow and we believe that failing to adopt this strategy would have a negative impact on business return and shareholder value over the long-term.

We continually review financing arrangements to ensure that they are competitive and optimised for the needs of the business. To ensure cash is managed in an agile manner, we also maintain a flexible finance facility which can be drawn or repaid to meet immediate business needs.



2 | STRATEGIC REPORT

Group finance review

At the year end gross borrowing was £961m, an increase of £63m on the prior year, which includes a £15.4m drawing on this facility made to enable the business to finance development programmes in the renewables business while maintaining the flexibility to meet the short-term demands of our lending business.

Looking ahead

At the end of the financial year the business is positioned well for future growth and profitability across core business areas.

Provisions taken against loans during the year (predominantly in the Healthcare sector) have ringfenced challenges which are not indicative of further problems across other loans in the sector. We are positive about the opportunity for growth that having operational control of two Healthcare businesses presents.

Lending and energy operations are now well established and continue to make excellent progress. We expect both to generate strong operating returns for the coming years, in addition to the anticipated development inflows.

Since the year end, the Group has acquired eight operational wind farms and an additional site ready for development to build another wind farm.

3 | GOVERNANCE

Directors' report for the year ended 30 June 2019

The directors present their report and the audited consolidated financial statements of the Group for the year ended 30 June 2019.

Results and dividends

For a summary of the Group's results, refer to the Strategic Report on page 18.

The directors have not recommended payment of a dividend (2018 – £nil).

Directors

The directors who served during the year were as follows:

PS Latham

KJ Willey

PG Barlow

Post balance sheet events

Refer to note 20 in the Notes to the financial statements.

Principal activities and business review

Refer to the Strategic Report on page 10.

Financial risk management objectives and policies

Refer to the Strategic Report on page 15.

Matters covered in the strategic report

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

Employment of disabled persons

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

Employee Information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs and health and safety.

3 | GOVERNANCE

Directors' report for the year ended 30 June 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

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

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

Directors' indemnities

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

Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board

PS Latham
Director
16 December 2019

3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Fern Annual Report and Accounts 2019 (the "Annual Report"), which comprise: the group and company balance sheets as at 30 June 2019; the group profit and loss account, the group statement of comprehensive income, the group statement of cash flows and the group and company statements of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
16 December 2019

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Group profit and loss account for the year ended 30 June 2019

	Note	2019 £'000	As restated 2018 £'000
Turnover	1	**393,520**	351,787
Cost of sales		**(201,502)**	(148,739)
Gross profit		**192,018**	203,048
Administrative expenses		**(164,741)**	(149,045)
Operating profit	2	**27,277**	54,003
Income from other fixed asset investments		**1,860**	2,651
Share of operating profit in joint venture		**2,380**	1,831
Profit on disposal of subsidiaries		**4,919**	-
Interest receivable and similar income	5	**141**	153
Interest payable and similar charges	5	**(71,608)**	(54,277)
(Loss)/profit before tax		**(35,031)**	4,361
Tax	6	**(6,579)**	(7,553)
Loss for the financial year		**(41,610)**	(3,192)
Attributable to Fern		**(40,307)**	(3,192)
Minority interest		**(1,303)**	–
		(41,610)	(3,192)

All results relate to continuing activities.

Group statement of comprehensive income for the year ended 30 June 2019

	2019 £'000	2018 £'000
Loss for the financial year	**(41,610)**	(3,192)
Other comprehensive (expense)/income		
Movements in cash flow hedges	**(5,151)**	12,931
Foreign exchange loss on retranslation of subsidiaries	**(1,178)**	(182)
Other comprehensive (expense)/income for the year	**(6,329)**	12,749
Total comprehensive (expense)/income for the year	**(47,939)**	9,557

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Group balance sheet as at 30 June 2019

	Note	2019 £'000	As restated 2018 £'000
Fixed assets			
Goodwill	7	**589,896**	601,589
Tangible assets	8	**1,179,904**	1,087,618
Intangible assets	9	**9,649**	-
Investments	10	**31,561**	33,618
		1,811,010	1,722,825
Current assets			
Stocks	11	**72,402**	73,476
Debtors (including £252.0m (2018: £250.3m) due after more than one year)	12	**788,562**	685,026
Cash at bank and in hand		**122,185**	101,216
		983,149	859,718
Creditors: amounts falling due within one year	13	**(138,661)**	(92,948)
Net current assets		**844,488**	766,770
Total assets less current liabilities		**2,655,498**	2,489,595
Creditors: amounts falling due after more than one year	14	**(979,449)**	(893,646)
Provisions for liabilities	15	**(31,895)**	(24,037)
Net assets		**1,644,154**	1,571,912
Capital and reserves			
Called up share capital	16	**132,317**	125,400
Share premium account		**1,546,443**	1,449,920
Cash flow hedge reserve		**(17,921)**	(12,770)
Profit and loss account		**(32,123)**	9,362
Total shareholders' funds		**1,628,716**	1,571,912
Non-controlling interests		**15,438**	-
Capital employed		**1,644,154**	1,571,912

These consolidated financial statements on pages 28 to 68 were approved by the Board of directors on 16 December 2019 and are signed on their behalf by:

PS Latham
Director
Registered number 06447318

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Company balance sheet as at 30 June 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	10	**1,146,776**	935,077
		1,146,776	935,077
Current assets			
Debtors (including £252.0m (2018: £250.3m) due after more than one year)	12	**700,592**	713,194
Cash at bank and in hand		**24,719**	26,089
		725,311	739,283
Creditors: amounts falling due within one year	13	**(51,125)**	(10,381)
Net current assets		**674,186**	728,902
Total assets less current liabilities		**1,820,962**	1,663,979
Net assets		**1,820,962**	1,663,979
Capital and reserves			
Called up share capital	16	**132,317**	125,400
Share premium account		**1,546,443**	1,449,920
Profit and loss account		**142,202**	88,659
Total shareholders' funds		**1,820,962**	1,663,979

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the financial year dealt with in the financial statements of the Company was £53.5m (2018: profit of £33.9m).

These financial statements on pages 28 to 68 were approved by the Board of directors on 16 December 2019 and are signed on their behalf by:

PS Latham
Director

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Group statement of changes in equity for the year ended 30 June 2019

	Called up share capital	Share premium account	Cash flow hedge reserve	Profit and loss account	Total share-holders' funds	Non-con-trolling interest	Capital employed
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Balance as at 1 July 2017	115,487	1,318,193	(25,701)	12,736	1,420,715	-	1,420,715
Loss for the financial year				(3,192)	(3,192)		(3,192)
Changes in market value of cash flow hedges	-	-	12,931	-	12,931	-	12,931
Foreign exchange loss on retranslation of subsidiaries	-	-	-	(182)	(182)	-	(182)
Other comprehensive income/(expense) for the year	-	-	12,931	(182)	12,749	-	12,749
Total comprehensive income/(expense) for the year	-	-	12,931	(3,374)	9,557	-	9,557
Shares issued during the year	9,913	131,727	-	-	141,640	-	141,640
Balance as at 30 June 2018	125,400	1,449,920	(12,770)	9,362	1,571,912	-	1,571,912
Balance as at 1 July 2018	**125,400**	**1,449,920**	**(12,770)**	**9,362**	**1,571,912**	**-**	**1,571,912**
Loss for the financial year	**-**	**-**	**-**	**(40,307)**	**(40,307)**	**(1,303)**	**(41,610)**
Changes in market value of cash flow hedges	**-**	**-**	**(5,151)**	**-**	**(5,151)**	**-**	**(5,151)**
Foreign exchange loss on retranslation of subsidiaries	**-**	**-**	**-**	**(1,178)**	**(1,178)**	**-**	**(1,178)**
Other comprehensive income/(expense) for the year	**-**	**-**	**(5,151)**	**(1,178)**	**(6,329)**	**-**	**(6,329)**
Total comprehensive income/(expense) for the year	**-**	**-**	**(5,151)**	**(41,485)**	**(46,636)**	**(1,303)**	**(47,939)**
Non-controlling interest arising on business combination	**-**	**-**	**-**	**-**	**-**	**16,741**	**16,741**
Shares issued during the year	**6,917**	**96,523**	**-**	**-**	**103,440**	**-**	**103,440**
Balance as at 30 June 2019	**132,317**	**1,546,443**	**(17,921)**	**(32,123)**	**1,628,716**	**15,438**	**1,644,154**

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Company statement of changes in equity for the year ended 30 June 2019

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	**£'000**
Balance as at 1 July 2017	115,487	1,318,193	54,802	1,488,482
Profit for the financial year and total comprehensive income	-	-	33,857	33,857
Shares issued during the year	9,913	131,727	-	141,640
Balance as at 30 June 2018	125,400	1,449,920	88,659	1,663,979
Balance as at 1 July 2018	**125,400**	**1,449,920**	**88,659**	**1,663,979**
Profit for the financial year and total comprehensive income	**-**	**-**	**53,543**	**53,543**
Shares issued during the year	**6,917**	**96,523**	**-**	**103,440**
Balance as at 30 June 2019	**132,317**	**1,546,443**	**142,202**	**1,820,962**

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Group statement of cash flows for the year ended 30 June 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Loss for the financial year attributable to the owners of the parent	(40,307)	(3,192)
Adjustments for:		
Tax on profit on ordinary activities	6,579	7,553
Interest receivable and similar income	(141)	(153)
Interest payable and other similar charges	71,608	54,277
Profit on disposal of subsidiaries	(4,919)	-
Income from joint venture	(2,380)	-
Income from fixed asset investments	(1,860)	(2,651)
Amortisation of intangible fixed assets	32,932	31,178
Depreciation of tangible fixed assets	67,253	64,955
(Reversal of impairment)/impairment of deferred shares	-	(470)
Non-cash movements on derivatives and foreign exchange	3,781	(12,337)
Decrease/(increase) in stock	1,074	(11,587)
Increase in debtors	(120,436)	(48,656)
Increase/(decrease) in creditors	8,008	(9,903)
Non-controlling interests	(1,303)	-
Tax received/(paid)	86	(854)
Net cash (used in)/generated from operating activities	19,975	68,160
Cash flows from investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	(16,173)	(137,920)
Sale of subsidiary undertakings	31,126	-
Purchase of tangible assets	(102,269)	(29,509)
Sale of intangible assets	1,340	-
Purchase of unlisted investments	(43,931)	(40,180)
Sale of unlisted investments	45,125	23,752
Interest received	141	153
Income from investments	-	143
Net cash used in investing activities	(84,641)	(183,561)
Cash flows from financing activities		
Proceeds/(repayments) from financing	46,352	(92,825)
Interest paid	(63,645)	(46,994)
Proceeds from share issue	103,440	141,641
Net cash generated from financing activities	86,147	1,822
Net increase/(decrease) in cash and cash equivalents	21,481	(113,579)
Cash and cash equivalents at the beginning of the year	101,216	214,779
Exchange gains on cash and cash equivalents	(512)	16
Cash and cash equivalents at the end of the year	122,185	101,216

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Statement of accounting policies

Company information

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

Statement of compliance

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

Basis of preparation of financial statements

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

The consolidated financial statements include the results of all subsidiaries owned by Fern Trading Limited as listed in note 26 of the annual financial statements. Certain of these subsidiaries, which are listed below, have taken the exemption from an audit for the year ended 30 June 2019 permitted by s479A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company Fern Trading Limited has given a statutory guarantee, in line with s479C of Companies Act 2006, of all the outstanding net liabilities as at 30 June 2019, of the subsidiaries listed note 26.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings ('subsidiaries'). All undertakings over which the Group exercises control, being the power to govern the financial and operating policies so as to obtain benefits from their activities, are consolidated as subsidiary undertakings. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

On consolidation, the results of overseas operations in their functional currencies are translated into sterling at rates approximating to those ruling when the transaction took place (the average rate). All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of the overseas operations at average rate are recognised in other comprehensive income.

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

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Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS 102

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

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, included the company's cash flows;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

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

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

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

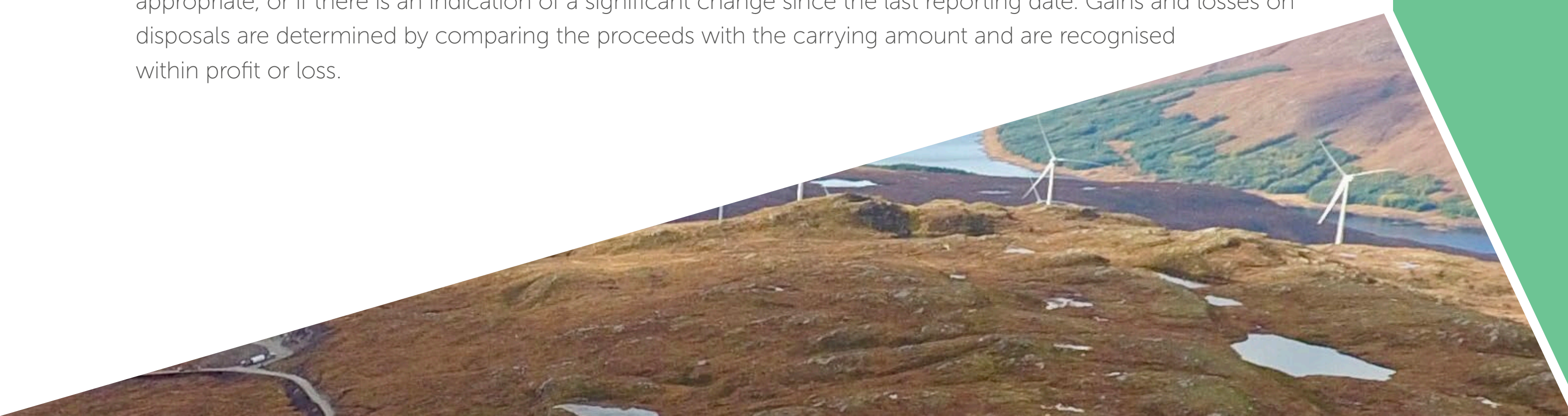
- Energy Operations – Turnover from the electricity generated by solar farms, wind generating assets, reserve power plants and biomass and landfill sites is recognised on an accrual's basis in the period in which it is generated. Turnover from the sale of fertiliser by biomass and landfill businesses is recognised on physical dispatch.
- Healthcare operations – Turnover is recognised when the significant risks and rewards of ownership have passed to the buyer (on legal completion), the amount of revenue can be recognised reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity. Turnover is recognised at the at the fair value of the consideration received for healthcare services provided in the normal course of business, and is shown net of VAT. Turnover is recognised based on the date the service is provided.
- Lending - Turnover represents arrangement fees and loan interest, net of any value added tax and is recognised upon delivery of the relevant services. Arrangement fees are spread over the life of the loan to which they relate.

Tangible fixed assets and depreciation

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

Buildings	-	2% straight line
Leasehold property	-	4% straight line
Power stations	-	4% and 5% straight line
Plant and machinery	-	4% to 33% 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 within profit or loss.



4 | FINANCIAL STATEMENTS 30 JUNE 2019

Statement of accounting policies (continued)

Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives of 25 years.

Investments

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

Cash

Cash includes cash in hand and deposits repayable on demand.

Leases

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

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

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

Stocks

Spare parts are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Fuel stocks (MBM and litter) are valued on an average cost basis over 1 to 2 months and provision for unusable litter is reviewed monthly and applied to off-site stock.

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

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

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

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

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

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

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

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Statement of accounting policies (continued)

Business combinations and goodwill (continued)

Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

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

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

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

Accrued income

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

Deferred income

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

Financial instruments

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Statement of accounting policies (continued)

Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

Provisions for liabilities

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

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

Share Capital

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

Hedging

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

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

4 | FINANCIAL STATEMENTS 30 JUNE 2018

Statement of accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account and statement of comprehensive income.

Finance costs

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

Current and deferred tax

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

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

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

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

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

Non-controlling interests

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

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Statement of accounting policies (continued)

Key accounting judgements and estimates

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

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

The key estimates in preparing these accounts are:

i) Provisions, including impairment of debtors

Debtor balances, including associated accrued income balances, are reviewed for impairment on a quarterly basis. In considering the need for a provision, management determine their best estimate of the expected future cashflows.

As this estimate relies on a certain number of assumptions about future events which may differ from actual outcomes, including the borrower's ability to repay interest and capital due in future periods, this gives rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the debtor balance. See note 12 for the carrying amount of the debtors.

The group assesses all potential liabilities and uncertainties in light of the requirements of FRS 102 Section 21 Provisions and Contingencies. Provisions are recognised when amounts can be reliably estimated, and the likelihood of settlement is probable. See note 15 for the carrying amount of provisions.

(ii) Useful economic life and amortisation of Goodwill

Goodwill is amortised over its expected useful life. Future results are impacted by the amortisation periods adopted and, potentially, any difference between expected and actual circumstances.

(iii) Impairment of goodwill and investments

Goodwill and subsidiary investment value are reviewed annually for impairment by the Group and the Company respectively. The investment value is calculated as the expected future cashflows, discounted at an appropriate rate. There is inherently an element of judgement in these calculations, as certain assumptions are made around the likelihood and values of expected cashflows, which may differ from actual outcomes.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019

1 Turnover

	2019 £'000	As restated 2018 £'000
Lending activities	**64,122**	63,935
Energy Operations - solar, reserve power and wind	**176,863**	153,236
Energy Operations - biomass and landfill	**134,792**	126,462
Healthcare Operations	**17,743**	8,154
	393,520	351,787

The geographical analysis of turnover by destination is as follows:

	2019 £'000	As restated 2018 £'000
United Kingdom	**383,562**	342,319
Rest of Europe	**9,958**	9,468
	393,520	351,787

2 Operating profit

This is stated after charging/(crediting):

	2019 £'000	2018 £'000
Amortisation of intangible assets (note 7, 9)	**32,932**	31,178
Depreciation of tangible assets (note 8)	**67,253**	64,955
Auditors' remuneration - Company and the Group's consolidated financial statements	**124**	140
Auditors' remuneration – audit of Company's subsidiaries	**692**	616
Auditors' remuneration – non-audit services	**314**	174
Auditors' remuneration – tax compliance services	**215**	200
Difference on foreign exchange	**(896)**	(19)
Operating lease rentals	**6,549**	6,192

On 20 September 2018, Fern Trading Development Limited and Elios Energy Holdings 3 Limited, subsidiaries of Fern Trading Limited, disposed of a number of companies. Included in the consolidated statement of comprehensive income was a profit on disposal of subsidiaries of £4,919,000.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

3 Staff costs

	2019 £'000	2018 £'000
Wages and salaries	**15,903**	12,521
Social security costs	**1,759**	1,306
Other pension costs	**598**	409
	18,260	14,236

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

	2019 Number	2018 Number
Production	**382**	249
Administration	**192**	75
Directors	**3**	3
	577	327

4 Directors' remuneration

	2019 £'000	2018 £'000
Emoluments	**95**	95

During the year no pension contributions were made in respect of the directors (2018: nil).

The Group had no other key management (2018: nil).

The above details of directors' remuneration do not include the total remuneration of one of the directors, this is paid by a related entity and this is has not been recharged.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019 (continued)

5 Interest

Interest receivable and similar income	2019 £'000	2018 £'000
On bank balances	**141**	153
	141	153

Interest payable and similar expenses	2019 £'000	2018 £'000
Interest on bank borrowings	**43,490**	34,738
Interest on senior secured notes	**-**	12,256
Amortisation of issue costs on bank borrowings*	**9,381**	1,945
Amortisation of issue costs on senior secured notes	**-**	3,114
Losses on derivative financial instruments	**18,737**	2,224
	71,608	54,277

*Amortisation of issue costs on bank borrowings was accelerated during the year following the refinancing of external loans in Wind SPV's, whereby a new £262m facility has been put in place. £15.2m of losses of derivatives were recycled to the P&L during the year in relation to the refinancing.

6 Tax on profit/(loss)

(a) Analysis of charge in year

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax charge/(credit) on (loss)/profit for the year	**-**	(24)
French corporate income tax	**366**	302
Adjustments in respect of prior periods	**(1)**	(284)
Total current tax	**365**	(6)
Deferred tax:		
Origination and reversal of timing differences	**3,715**	4,892
Adjustment in respect of prior periods	**3,136**	2,760
Effect of change in tax rates	**(637)**	(93)
Total deferred tax	**6,214**	7,559
Tax charge on (loss)/profit on ordinary activities	**6,579**	7,553

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

6 Tax on loss (loss)/profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	**2018**
	£'000	£'000
(Loss)/profit before tax	**(35,031)**	4,361
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(6,656)**	829
Effects of:		
Expenses not deductible for tax purposes	**11,078**	5,360
Deferred tax not recognised	**(607)**	(474)
Income not taxable for tax purposes	**266**	(459)
Adjustments in respect of prior periods	**3,135**	2,476
Effects of change in tax rates	**(637)**	(179)
Total tax charge for the year	**6,579**	7,553

(c) Factors that may affect future tax charge

The main rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the tax rate applicable for this accounting year is 19%. A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016. Consequently, deferred tax has been calculated at the year end using a tax rate of 17%.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

7 Goodwill

Group	Goodwill £'000
Cost	
At 1 July 2018	675,978
Additions	26,492
Disposals	(6,036)
Gain on translation	10
At 30 June 2019	**696,444**
Accumulated amortisation	
At 1 July 2018	74,389
Disposals	(563)
Charge for the year	32,722
At 30 June 2019	**106,548**
Net book value	
At 30 June 2019	**589,896**
At 30 June 2018	601,589

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

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

8 Tangible assets

Group	Land and buildings £'000	Power stations £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost					
At 1 July 2018 (as restated)	4,896	160,294	1,115,408	5,553	1,286,151
Additions	12	1,793	109,418	67,928	179,151
FX movement	(134)	-	494	-	360
Transfers	-	444	163	(607)	-
Disposals	-	-	(22,744)	-	(22,744)
At 30 June 2019	**4,774**	**162,531**	**1,202,739**	**72,874**	**1,442,918**
Accumulated depreciation					
At 1 July 2018	243	54,604	143,686	-	198,533
Charge for the year	70	11,707	55,476	-	67,253
Disposals	-	-	(2,772)	-	(2,772)
At 30 June 2019	**313**	**66,311**	**196,390**	**-**	**263,014**
Net book value					
At 30 June 2019	**4,461**	**96,220**	**1,006,349**	**72,874**	**1,179,904**
At 30 June 2018 (as restated)	4,653	105,690	971,722	5,553	1,087,618

Included within tangible assets are capitalised finance costs directly attributable to bringing the asset into use. Included within additions are £77,476,000 which have been acquired through business combinations.

9 Intangible assets

On 21st December 2018, Fern Trading Development Limited subscribed to 91.43% of the shares in Darlington Point HoldCo Pty Limited to construct and build a solar farm in Australia. This transaction gave rise to an intangible asset of £9,857,602 in the form of development services committed by the non-controlling interest. These development rights are being amortised over 25 years, which is the directors' best estimate of the useful economic life of the solar plant. An amortisation charge of £208,812 has been recognised in respect of this asset as at 30 June 2019.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

10 Investments

Group	Joint venture £'000	Unlisted investments £'000	Other investments £'000	Total £'000
Cost				
At 31 July 2018 (as restated)	12,461	19,817	1,340	33,618
Additions	-	45,471	-	45,471
Disposals	-	(45,125)	(1,340)	(46,465)
Share of profit after tax	(1,063)	–	–	(1,063)
At 30 June 2019	**11,398**	**20,163**	**-**	**31,561**
Accumulated impairments				
At 1 July 2018	-	-	-	-
At 30 June 2019	**-**	**-**	**-**	**-**
Net book value				
At 30 June 2019	**11,398**	**20,163**	**-**	**31,561**
At 30 June 2018 (as restated)	12,461	19,817	1,340	33,618

Other investments represent the Group's holdings of deferred shares in a number of companies.

Company	Subsidiary undertakings £'000	Unlisted investments £'000	Total £'000
Cost and net book value			
At 1 July 2018	1,185,267	19,817	1,205,084
Additions	260,926	45,471	306,397
Disposals	-	(45,125)	(45,125)
At 30 June 2019	**1,446,193**	**20,163**	**1,466,356**
Accumulated impairments			
At 1 July 2018	270,007	-	270,007
Reversal of impairments	(28,380)	-	(28,380)
Impairments	77,953	-	77,953
At 30 June 2019	**319,580**	**-**	**319,580**
Net book value			
At 30 June 2019	**1,126,613**	**20,163**	**1,146,776**
At 30 June 2018	915,260	19,817	935,077

Detail of related undertakings are shown in note 26.

Movements on the investments relate to movements in the valuations of the underlying investments.

Unlisted investments comprise the Company's and the Group's holding of the members' capital of Terido LLP, a lending business, and it's shareholding in Bracken Holdings Limited. Fern co-founded Terido LLP in October 2012 with the intention of conducting a proportion of its future trade through the partnership. Fern has a small shareholding in Bracken Holdings Limited from time to time. Fern's investment in Bracken Holdings Limited at 30 June 2018 and 30 June 2019 was £nil. The directors do not consider Terido LLP or Bracken Holdings Limited to be subsidiary undertakings of Fern Trading Limited.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

11 Stocks

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	£'000	**£'000**	£'000
Ash stock	**2,327**	2,737	**-**	-
Fuel, spare parts and consumables	**13,368**	11,885	**-**	-
Property development WIP	**56,707**	58,854	**-**	-
	72,402	73,476	**-**	-

The amount of stocks recognised as an expense during the year was £50,968,000 (2018: £45,681,000).

Included in the fuel, spare parts and consumables stock value is a provision of £440,000 for unusable fuel stock (2018: £360,000). Included in the ash stock value is a provision of £300,000 for slow moving stock (2018: £430,000).

12 Debtors

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	£'000	**£'000**	£'000
Amounts falling due after one year				
Loans and advances to customers	**251,989**	250,280	**251,989**	250,280
Amounts falling due within one year				
Loans and advances to customers	**367,238**	246,618	**367,238**	246,618
Trade debtors	**23,319**	12,252	**2,263**	158
Amounts owed by group undertakings	**-**	-	**44,435**	139,445
Other debtors	**4,535**	39,442	**259**	38,032
Corporation tax	**2,827**	3,253	**-**	2,189
Prepayments and accrued income	**138,654**	133,181	**34,408**	36,472
	788,562	685,026	**700,592**	713,194

Loans and advances to customers are stated net of provision of £29,454,000 (2018: £19,883,000).
Prepayments and accrued income are stated net of provision of £14,225,000 (2018: £6,867,000).

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

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Notes to the financial statements for the year ended 30 June 2019
(continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	£'000	**£'000**	£'000
Trade creditors	**28,471**	13,838	**1,004**	3,571
Bank loans and overdrafts	**54,087**	37,330	**15,420**	-
Corporation tax	**-**	-	**4,444**	-
Other tax and social security	**3,649**	2,026	**1,791**	-
Other creditors	**10,370**	7,168	**21,181**	1,611
Finance leases	**2,692**	-	**-**	-
Accruals and deferred income	**39,392**	32,586	**7,285**	5,199
	138,661	92,948	**51,125**	10,381

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**898,505**	860,855	**-**	-
Other loans	**8,022**	-	**-**	-
Finance leases	**33,534**	-	**-**	-
Derivative financial instruments (note 18)	**39,388**	32,791	**-**	-
	979,449	893,646	**-**	-

	Group		Company	
	2019	**2018**	**2019**	**2018**
Bank loans	**£'000**	£'000	**£'000**	£'000
Due in 1 year	**54,087**	37,330	**15,420**	-
Due between 1 and 5 years	**209,185**	167,718	**-**	-
Due in more than 5 years	**689,320**	693,137	**-**	-
	952,592	898,185	**15,420**	-

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

14 Creditors: amounts falling due after more than one year (continued)

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

	Interest rate	2019 £'000	2018 £'000
Viners Energy Limited	6 month LIBOR plus 2.15%	**499,047**	513,191
Fern Renewable Energy Limited	6 month LIBOR plus 1.90%	**-**	53,718
Wryde Croft Wind Farm Limited	6 month LIBOR plus 1.90%	**-**	23,802
Glenchamber Wind Energy Limited	6 month LIBOR plus 1.80%	**-**	45,057
Fraisthorpe Wind Farm Limited	6 month LIBOR plus 1.60%	**-**	33,952
Elios Energy 2 Limited	6 month LIBOR plus 1.20%	**45,869**	48,013
Beinneun Wind Farm Limited	6 month LIBOR plus 2.48%	**-**	127,442
Cour Wind Farm (Scotland) Limited	6 month LIBOR plus 2.48%	**-**	35,765
Grange Wind Farm Limited	6 month LIBOR plus 2.48%	**-**	17,245
Melton Renewable Energy UK Limited	6 month LIBOR plus 2.35%	**136,118**	-
Fern Trading Limited	3 month EURIBOR plus 3.10%	**15,420**	-
Boomerang Energy Limited	6 month LIBOR plus 1.50%	**256,138**	-
		952,592	898,185

Bank loans are presented net of debt issue costs.

15 Provisions for liabilities

Group	Decommissioning provision £'000	Deferred tax £'000	Total £'000
At 1 July 2018	1,596	22,441	**24,037**
Acquisitions	28	7,830	**7,858**
At 30 June 2019	**1,624**	**30,271**	**31,895**

The decommissioning provision is held in the subsidiary companies Wryde Croft Wind Farm Limited, Fraisthorpe Wind Farm Limited and Glenchamber Wind Energy Limited. It is to cover future obligations to return land on which the companies operate to its original condition. The amounts are not expected to be utilised for in excess of 25 years.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

16 Called up share capital

Group and Company Allotted, called-up and fully paid	2019 £'000	2018 £'000
1,323,170,683 (2018: 1,254,002,947) Ordinary shares of £0.10 each	**132,317**	125,400

During the year the Group and Company issued 69,167,736 (2018: 99,135,834) Ordinary shares of £0.10 each for a consideration of £103,439,305 (2018: £141,640,796) giving rise to a premium of £96,522,531 (2018: £131,727,212).

17 Contingencies

Across the wind portfolio, the Group has committed to make ongoing contributions to community benefit funds which work to support the local communities where the wind farms are located. The commitment is to pay between £2,000 to £5,000 per MW of installed capacity for each site (inflation-indexed), depending on specific planning conditions, over the operating lives of the wind farms, which amounts to an annual commitment of £1,098,300 (2018: £1,045,200) across all sites. 23 (2018: 22) of Fern's UK solar farms also make ongoing community benefit contributions, amounting to an annual commitment of £252,000 (2018: £240,000) (inflation-indexed). The terms of these payments vary by individual site planning requirements, but they are generally in the range of £0.5k to £1.5k per MW of installed capacity annually, for between 7 and 24 years after the start of commercial operations.

18 Financial instruments

The Group and Company have the following financial instruments:

	Group		Company	
	2019 **£'000**	**2018** £'000	**2019** **£'000**	**2018** £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	**647,082**	548,592	**666,184**	674,533
Carrying amount of financial liabilities				
Measured at amortised cost	**1,035,681**	919,191	**22,185**	5,180
Measured at fair value through other comprehensive income	**39,388**	32,791	**-**	-

Derivative financial instruments

The Group enters into interest rate swaps to mitigate interest rate risk on its bank loans. These are designated as cash flow hedges with the effective element of the hedge measured through other comprehensive income. At 30 June 2019 the outstanding contracts have a maturity in excess of one year. The Group is committed to receive LIBOR and pay a fixed rate amount.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

19 Operating lease commitments

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

	2019		2018	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Payments due:				
Not later than one year	**6,978**	**304**	6,243	181
Later than one year and not later than five years	**28,122**	**460**	23,658	149
Later than five years	**131,163**	**27**	90,997	9
	166,263	**791**	120,898	339

20 Post-balance sheet events

On 31st October 2019 Elios Energy 3 France SAS, a subsidiary of Fern Trading Limited, acquired CEPE Haut du Saule SARL.

On 7th November 2019 Helm Power Limited, a subsidiary of Fern Trading Limited, acquired the following SPV's:

- Cark Limited
- Dyffryn Brodyn Limited
- Four Burrows Limited

On 28th November 2019 Elios 3 France SAS, a subsidiary of Fern Trading Limited, acquired the following SPV's:

- CEPE de La Salesse SARL
- CEPE de Lacombe SARL
- CEPE de Grand Bois SARL

The group paid a total cash consideration of £54,335,000. Given that this has been a recent acquisition the identifiable assets and liabilities at completion and goodwill have yet to be finalised. The Directors therefore consider it impractical to be able to disclose this information in these financial statements. The most recent published financial statements for the year ended 31 October 2018, showed aggregated net assets of (€36,998,000) for the entities denominated in Euros and £9,937,000 for the entities denominated in Sterling.

Subsequent to the year end the Group has received a communication challenging the legitimacy of notices of termination that it has served in respect of key contracts.

The Group strongly refutes the allegation and will rigorously defend any claim that is brought. However, whilst management believe the claims to be without grounds, legal claims such as this are such that it is not possible to accurately assess the outcome at this early stage, hence they are referenced here for full disclosure.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

21 Related party transactions

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

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

During the period the Group received, in the normal course of business, from Yorkshire Wind Power ("YWP") £61,000 (2018: £60,000) for management and accountancy services. At the year end £nil (2018: £nil) was outstanding.

During the year, fees of £44,222,000 (2018: £36,467,000) were charged to the Group by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited also recharged legal and professional fees totalling £61,000 (2018: £73,000) to the Group. At the year end, an amount of £nil (2018: £3,809,000) was outstanding which is included in the trade creditors.

The Company is entitled to a profit share as a result of its partnership share in Terido LLP, a related party due to key management personnel in common. In 2019 a share of profit equal to £1,860,000 (2018: £2,553,000) has been recognised by the Company. At the year end, the Company has an interest in the member's capital of £20,158,000 (2018: £19,817,000) and accrued income due of £3,160,000 (2018: £2,842,000).

The Company engages in lending activities which include balances provided to related parties. Regarding entities with key management personnel in common loans of £187,877,000 (2018: £205,439,000), accrued income of £10,817,000 (2018: £15,300,000) and deferred income of £2,033,000 (2018: £2,611,000) were outstanding at year end. During the year interest income of £34,894,000 (2018: £36,754,000) and fees of £725,000 (2018: £2,019,000) was recognised in relation to these loans.

22 Capital commitments

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

	2019 **£'000**	**2018** £'000
Contracted for but not provided in these financial statements	**206,763**	1,244
Undrawn facilities on loans to borrowers	**183,370**	222,594

23 Ultimate parent company and controlling party

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

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019 (continued)

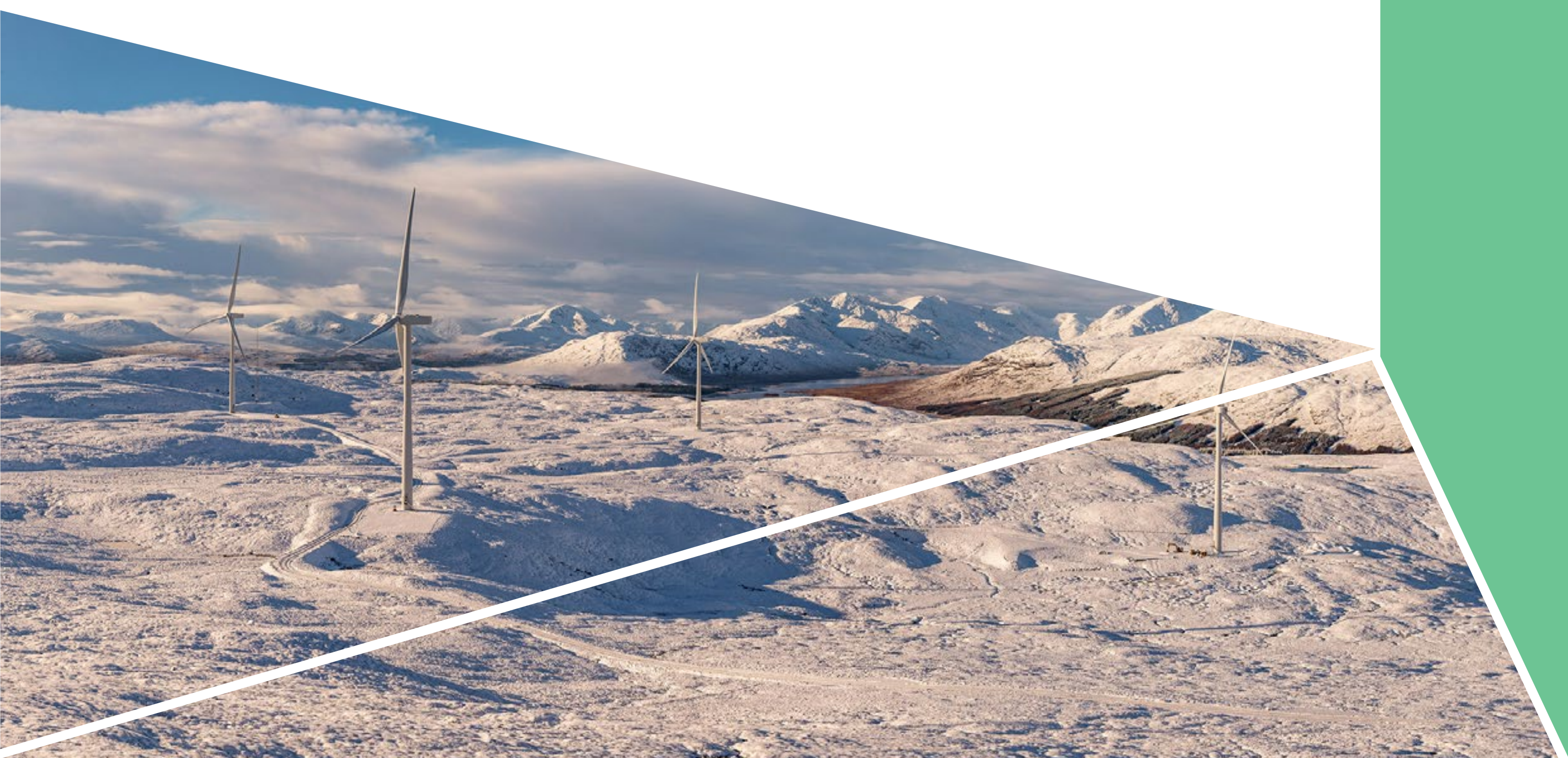
24 Business combinations

a) Jurassic Fibre Limited

On 9 February 2019, the Group acquired control of the company through a share for share exchange through a subsidiary holding company. The acquired entity is involved in fibre network production.

Consideration for Jurassic Fibre Limited was £4,723,500 and the fair value of assets acquired was £1. Goodwill resulting from the business combination was £4,723,499. Minority interest has been recognised to reflect the 20% ownership of the minority interest.

The consolidated statement of comprehensive income for the year include £nil revenue and a loss after tax of £1,324,978 in respect of this acquisition.



4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

24 Business combinations (continued)

b) One Healthcare Partners Limited

Fern Trading Limited previously entered into a loan facility with One Healthcare Partners Limited which became part of the Group following a default on the loan. During this process, an impairment of £27.4m was recognised against the loan (in addition £15m was recognised prior to the acquisition). On 13 March 2019 the Group acquired control of the subsidiaries listed in note 26 through the acquisition of 85% of the share capital. The acquired entities include two private hospitals.

The following tables summaries the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration	2019 £'000
Cash	**120**
Directly attributable costs	**90**
Total consideration	**210**

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

	Book values £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	66,134	(9,706)	56,428
Stocks	1,032	-	1,032
Trade and other receivables	2,738	-	2,738
Cash and cash equivalents	897	-	897
Prepayments and accrued income	478	-	478
Trade and other payables	(2,024)	-	(2,024)
Accruals and deferred income	(1,449)	-	(1,449)
Finance lease creditors	(8,881)	-	(8,881)
Other loans	(95,997)	46,778	(49,219)
Net liabilities acquired	**(37,072)**	**37,072**	**-**
Goodwill			210
Total consideration			**210**

Goodwill resulting from the business combination was £210,000 and has an estimated useful life of 5 years, reflecting the anticipated period over which the Group will hold the assets acquired.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £5,126,534 and a loss of £4,421,191 was recognised over the same period.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019 (continued)

24 Business combinations (continued)

c) Nordic Power Development Limited

On 30 April 2019, the Group acquired control of the subsidiaries listed in note 26 through the acquisition of 90% of the share capital. The acquired entities include the rights to construct two wind sites.

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

Consideration	2019 £'000
Cash	**16,683**
Directly attributable costs	**707**
Total consideration	**17,390**

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

	Book values £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	19,865	-	19,865
Trade and other receivables	552	-	552
Cash and cash equivalents	4,091	-	4,091
Trade and other payables	(24,745)	-	(24,745)
Net liabilities acquired	**(237)**	**-**	**(237)**
Goodwill			17,627
Total consideration			**17,390**

Goodwill resulting from the business combination was £17,627,000 and has an estimated useful life of 25 years, reflecting the lifespan of the assets acquired. An additional amount of goodwill of £1,883,000 has been recognised in respect of the minority interest on this transaction.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £nil and a loss of £187,595 was recognised over the same period.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

24 Business combinations (continued)

d) Elios Energy 3 France SAS

On 30 April 2019, the Group acquired control of the subsidiaries listed in note 26 through the acquisition of 100% of the share capital. The acquired entity includes one wind site.

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

Consideration	2019 €'000	Exchange Rate	2019 £'000
Cash	8	1.11500	7
Directly attributable costs	250	1.11500	224
Total consideration	**258**	**1.11500**	**231**

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

	Book values €'000	Adjustments €'000	Fair value €'000	Book values £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	1,319	-	1,319	1,183	-	1,183
Trade and other receivables	109	-	109	97	-	97
Cash and cash equivalents	132	-	132	118	-	118
Prepayments and accrued income	38	-	38	34	-	34
Trade and other payables	(1,818)	-	(1,818)	(1,630)	-	(1,630)
Net liabilities acquired	**(220)**	**-**	**(220)**	**(198)**	**-**	**(198)**
Goodwill			478			429
Total consideration			**258**			**231**

Goodwill resulting from the business combination was £429,000 and has an estimated useful life of 25 years, reflecting the lifespan of the assets acquired.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

24 Business combinations (continued)

e) Westwood Power Limited

On 18 April 2019, the Group acquired control of the Company. The acquired site is planned to be used for reserve power.

Consideration for Westwood Power Limited was £1,186,495 and the fair value of assets acquired was £nil. Goodwill resulting from the business combination was £1,186,495.

The consolidated statement of comprehensive income for the year include £nil revenue and a loss after tax of £56,299 in respect of this acquisition.

25 Prior period adjustment

The financial statements have been restated to incorporate the impact of a misclassification of a joint venture within the Group. The joint venture was being recognised as a fixed asset, rather than an investment. This change has been retrospectively applied, leading to the recognition of additional investment of £12,461,000 for the year ended 30 June 2018. The effect of this adjustment has been to decrease the fixed asset balance from £1,100,079,000 to £1,087,618,000 as at 30 June 2018.

For the year ended 30 June 2018, the share of operating profit from the joint venture of £1,831,000 has been disclosed separately in the group statement of comprehensive income, a reclassification from turnover. This change has no impact on the loss for the year.

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings

Details of the subsidiary undertakings are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
The Fern Power Company Limited	UK	Ordinary	100%	Holding company
Dafen Reserve Power Limited	UK	Ordinary	100%	Energy generation
Cynon Power Limited	UK	Ordinary	100%	Energy generation
Nevern Power Limited	UK	Ordinary	100%	Energy generation
Fern Renewable Energy Limited	UK	Ordinary	100%	Holding company
Mingay Farm Holding Limited	UK	Ordinary	100%	Holding company
Mingay Farm Limited	UK	Ordinary	100%	Energy generation
Jura Solar Limited	UK	Ordinary	100%	Energy generation
Abbots Ripton Solar Energy Holding Limited	UK	Ordinary	100%	Holding company
Abbots Ripton Solar Energy Limited	UK	Ordinary	100%	Energy generation
Fern Trading Development Limited	UK	Ordinary	100%	Holding company
Fern Energy Holdings Limited	UK	Ordinary	100%	Holding company
Notos Energy Limited	UK	Ordinary	100%	Holding company
Boreas Energy Limited	UK	Ordinary	100%	Holding company
Caicias Energy Limited	UK	Ordinary	100%	Holding company
Fern Energy Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings 2 Limited	UK	Ordinary	100%	Holding company
Elios Energy 2 Limited	UK	Ordinary	100%	Holding company
Elios Energy Holdings 3 Limited	UK	Ordinary	100%	Holding company
Fern Energy Partnership Holdings Limited	UK	Ordinary	100%	Holding company
Fern Fibre Limited	UK	Ordinary	100%	Holding company
Jurassic Fibre Holdings Limited	UK	Ordinary	80%	Holding company
Jurassic Fibre Limited	UK	Ordinary	100%	Fibre network production
EPR Scotland Limited	UK	Ordinary	100%	Energy generation
Fern Trading Limited	UK	Ordinary	100%	Holding company
Darlington Point Holdco Pty Limited	Australia	Ordinary	100%	Holding company
Darlington Point Solar Farm Pty Ltd	Australia	Ordinary	91%	Energy generation
Darlington Point Subholdco Pty Ltd	Australia	Ordinary	100%	Holding company

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Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Elios Energy DS3 Holdings 1 Limited	UK	Ordinary	100%	Holding company
Claramond Solar SPV 1 Limited	UK	Ordinary	100%	Energy generation
Elios Energy DS3 Holdings 2 Limited	UK	Ordinary	100%	Holding company
Adalinda Solar SPV 1 Limited	UK	Ordinary	100%	Energy generation
Elios Energy DS3 Holdings 3 Limited	UK	Ordinary	100%	Holding company
Hursit SPV 1 Limited	UK	Ordinary	100%	Energy generation
Elios Renewable Energy Limited	UK	Ordinary	100%	Holding company
Viners Energy Limited	UK	Ordinary	100%	Holding company
Eakring Limited	UK	Ordinary	100%	Holding company
Chisbon Solar Farm Holdings Limited	UK	Ordinary	100%	Holding company
Chisbon Solar Farm Limited	UK	Ordinary	100%	Energy generation
Bryn Yr Odyn Solar Developments Holdings Limited	UK	Ordinary	100%	Holding company
Bryn Yr Odyn Solar Developments Limited	UK	Ordinary	100%	Energy generation
Avenue Solar Farm Limited	UK	Ordinary	100%	Energy generation
Wincelle Solar Holdings Limited	UK	Ordinary	100%	Holding company
Wincelle Solar Limited	UK	Ordinary	100%	Energy generation
Melbourn Solar Limited	UK	Ordinary	100%	Energy generation
Haymaker (Oaklands) Holdings Limited	UK	Ordinary	100%	Holding company
Haymaker (Oaklands) Limited	UK	Ordinary	100%	Energy generation
Parciau Holdings Limited	UK	Ordinary	100%	Holding company
Parciau Limited	UK	Ordinary	100%	Energy generation
Pitchford (Condover Airfield & Stockbatch) Limited	UK	Ordinary	100%	Energy generation
Singrug Holdings Limited	UK	Ordinary	100%	Holding company
Singrug Limited	UK	Ordinary	100%	Energy generation
Thoresby Estate (Budby) Limited	UK	Ordinary	100%	Energy generation
Waterloo Solar Park Holdings Limited	UK	Ordinary	100%	Holding company
Waterloo Solar Park Limited	UK	Ordinary	100%	Energy generation
Westerfield Solar Limited	UK	Ordinary	100%	Energy generation
WSE Hullavington Holdings Limited	UK	Ordinary	100%	Holding company

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Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
WSE Hullavington Limited	UK	Ordinary	100%	Energy generation
Littleton Solar Farm Limited	UK	Ordinary	100%	Energy generation
Haymaker (Natewood) Holdings Limited	UK	Ordinary	100%	Holding company
Haymaker (Natewood) Limited	UK	Ordinary	100%	Energy generation
Orta Wedgehill Solar Holdings Limited	UK	Ordinary	100%	Holding company
Orta Wedgehill Solar Limited	UK	Ordinary	100%	Energy generation
Six Hills Lane (Ragdale) Limited	UK	Ordinary	100%	Energy generation
Manston Thorne Limited	UK	Ordinary	100%	Energy generation
Bratton Fleming Limited	UK	Ordinary	100%	Energy generation
Lenham Solar Limited	UK	Ordinary	100%	Energy generation
WSE Pyde Drove Limited	UK	Ordinary	100%	Energy generation
Drapers Farm Limited	UK	Ordinary	100%	Energy generation
The Hollies Solar Farm Limited	UK	Ordinary	100%	Energy generation
Luminance Solar Limited	UK	Ordinary	100%	Energy generation
Ryston Estate Limited	UK	Ordinary	100%	Energy generation
New Row Farm Limited	UK	Ordinary	100%	Energy generation
Westwood Solar Limited	UK	Ordinary	100%	Energy generation
Turves Solar Limited	UK	Ordinary	100%	Energy generation
Hollamoor Limited	UK	Ordinary	100%	Energy generation
Whiddon Farm Limited	UK	Ordinary	100%	Energy generation
MSP Strete Limited	UK	Ordinary	100%	Energy generation
MSP Decoy Limited	UK	Ordinary	100%	Energy generation
Reaches Farm Limited	UK	Ordinary	100%	Energy generation
TGC Solar 83 Limited	UK	Ordinary	100%	Energy generation
Crapnell Farm Limited	UK	Ordinary	100%	Energy generation
Week Farm 2 Limited	UK	Ordinary	100%	Energy generation
Pitts Farm Limited	UK	Ordinary	100%	Energy generation
Clann Farm Limited	UK	Ordinary	100%	Energy generation
Southcombe Farm Limited	UK	Ordinary	100%	Energy generation
Ellicombe Limited	UK	Ordinary	100%	Energy generation
BNRG IOW Limited	UK	Ordinary	100%	Energy generation
Victoria Solar Limited	UK	Ordinary	100%	Energy generation
Ninnis Farm Limited	UK	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Newlands Solar Limited	UK	Ordinary	100%	Energy generation
Chittering Solar Two Limited	UK	Ordinary	100%	Energy generation
TGC Solar 107 Limited	UK	Ordinary	100%	Energy generation
Steadfast Shipton Belinger Solar Limited	UK	Ordinary	100%	Energy generation
Little T Solar Limited	UK	Ordinary	100%	Energy generation
North Perrott Fruit Farm Limited	UK	Ordinary	100%	Energy generation
MTS Hatchlands Solar Limited	UK	Ordinary	100%	Energy generation
Chalcroft Solar Park Limited	UK	Ordinary	100%	Energy generation
Steadfast Parkhouse Solar Limited	UK	Ordinary	100%	Energy generation
Slaughtergate Limited	UK	Ordinary	100%	Energy generation
Palfreys Barton Limited	UK	Ordinary	100%	Energy generation
MSP Tregassow Limited	UK	Ordinary	100%	Energy generation
Craymarsh Limited	UK	Ordinary	100%	Energy generation
Steadfast Rudge Solar Limited	UK	Ordinary	100%	Energy generation
Lovedean Limited	UK	Ordinary	100%	Energy generation
Stellar Power Limited	UK	Ordinary	100%	Energy generation
Higher Knapp Farm Limited	UK	Ordinary	100%	Energy generation
WSE Bradford Limited	UK	Ordinary	100%	Energy generation
Marley Thatch Solar Limited	UK	Ordinary	100%	Energy generation
TGC Solar 102 Limited	UK	Ordinary	100%	Energy generation
Meadows Farm Limited	UK	Ordinary	100%	Energy generation
Sun Green Energy Limited	UK	Ordinary	100%	Energy generation
WSE Park Wall Limited	UK	Ordinary	100%	Energy generation
TGC Solar 68 Limited	UK	Ordinary	100%	Energy generation
Tredown Farm Limited	UK	Ordinary	100%	Energy generation
Hill End Farm Limited	UK	Ordinary	100%	Energy generation
Causilgey Limited	UK	Ordinary	100%	Energy generation
Pyms Lane Solar Limited	UK	Ordinary	100%	Energy generation
Sulis Energy Holdings Limited	UK	Ordinary	100%	Holding company
Sulis Energy Limited	UK	Ordinary	100%	Holding company
Haymaker (Mount Mill) Limited	UK	Ordinary	100%	Energy generation
Breck Solar Limited	UK	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Birch Estate Solar Limited	UK	Ordinary	100%	Energy generation
Mill Hill Farm Solar Limited	UK	Ordinary	100%	Energy generation
Dairy House Solar Limited	UK	Ordinary	100%	Energy generation
Elios Energy 2 France SAS	France	Ordinary	100%	Holding company
Agrisol 2 SARL	France	Ordinary	100%	Energy generation
Batisolaire 5 SARL	France	Ordinary	100%	Energy generation
Batisolaire 7 SARL	France	Ordinary	100%	Energy generation
Elecsol Camargue SARL	France	Ordinary	100%	Energy generation
Elecsol France 07 SARL	France	Ordinary	100%	Energy generation
Elecsol France 11 SARL	France	Ordinary	100%	Energy generation
Elecsol France 15 SARL	France	Ordinary	100%	Energy generation
Elecsol France 19 SARL	France	Ordinary	100%	Energy generation
Elecsol France 22 SARL	France	Ordinary	100%	Energy generation
Elecsol France 24 SARL	France	Ordinary	100%	Energy generation
Elecsol France 25 SARL	France	Ordinary	100%	Energy generation
Elecsol France 28 SARL	France	Ordinary	100%	Energy generation
Elecsol France 41 SARL	France	Ordinary	100%	Energy generation
Elecsol Haut Var SARL	France	Ordinary	100%	Energy generation
Sammat SARL	France	Ordinary	100%	Energy generation
Solarfi LP08 SARL	France	Ordinary	100%	Energy generation
Solarfi SP01 SARL	France	Ordinary	100%	Energy generation
Solarfi SP02 SARL	France	Ordinary	100%	Energy generation
Solarfi SP04 SARL	France	Ordinary	100%	Energy generation
Solarfi SP05 SARL	France	Ordinary	100%	Energy generation
Solarfi SP08 SARL	France	Ordinary	100%	Energy generation
Solarfi SP10 SARL	France	Ordinary	100%	Energy generation
Voltafrance SARL	France	Ordinary	100%	Energy generation
Voltafrance 13 SARL	France	Ordinary	100%	Energy generation
Voltafrance 01 SARL	France	Ordinary	100%	Energy generation
Voltafrance 05 SARL	France	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Wryde Croft Wind Farm Limited	UK	Ordinary	100%	Energy generation
Glenchamber Wind Energy Limited	UK	Ordinary	100%	Energy generation
Fraisthorpe (Holding) Limited	UK	Ordinary	100%	Holding company
Fraisthorpe Wind Farm Limited	UK	Ordinary	100%	Energy generation
Porthos Solar Holdings Limited	UK	Ordinary	100%	Holding company
Porthos Solar Limited	UK	Ordinary	100%	Holding company
Blaby Solar Farm Limited	UK	Ordinary	100%	Energy generation
Cressing Solar Farm Limited	UK	Ordinary	100%	Energy generation
Caswell Solar Farm Limited	UK	Ordinary	100%	Energy generation
NGE Limited	UK	Ordinary	100%	Energy generation
Pearmat Solar 2 Limited	UK	Ordinary	100%	Energy generation
Deepdale Farm Solar Limited	UK	Ordinary	100%	Energy generation
UKSE 15 Solar Limited	UK	Ordinary	100%	Energy generation
Fern Healthcare Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford Retirement Living Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford Pickering Limited	UK	Ordinary	100%	Retirement village development
Rangeford Properties Limited	UK	Ordinary	100%	Dormant company
Rangeford RAP Limited	UK	Ordinary	100%	Retirement village development
Rangeford Cirencester Limited	UK	Ordinary	100%	Retirement village development
Rangeford Care Limited	UK	Ordinary	100%	Care services for a retirement village
Wadswick Green Property Services Limited	UK	Ordinary	100%	Service charge administrator
Wadswick Green Limited	UK	Ordinary	100%	Retirement village operator
Rangeford Capital Limited	UK	Ordinary	100%	Facilitation of sale of retirement properties
Eucalyptus Energy Holdings Limited	UK	Ordinary	100%	Holding company
Eucalyptus Energy Limited	UK	Ordinary	100%	Holding company

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Melton Renewable Energy UK plc	UK	Ordinary	100%	Holding company
Melton Renewable Energy (Holdings) Limited*	UK	Ordinary	100%	Holding company
Melton LG Holding Limited*	UK	Ordinary	100%	Holding company
Melton LG Energy Limited*	UK	Ordinary	100%	Holding company
Melton LG ROC Limited*	UK	Ordinary	100%	Asset leasing company
CLPE Holdings Limited*	UK	Ordinary	100%	Holding company
CLP Envirogas Limited*	UK	Ordinary	100%	Operating and maintenance services
CLP Developments Limited*	UK	Ordinary	100%	Dormant company
CLP Services Limited*	UK	Ordinary	100%	Dormant company
CLPE 1999 Limited*	UK	Ordinary	100%	Holding company
CLPE 1991 Limited	UK	Ordinary	100%	Dormant company
CLPE Projects 1 Limited*	UK	Ordinary	100%	Holding company
CLPE Projects 2 Limited*	UK	Ordinary	100%	Holding company
CLPE Projects 3 Limited*	UK	Ordinary	100%	Holding company
CLPE ROC - 1 Limited*	UK	Ordinary	100%	Energy generation
CLPE ROC - 2 Limited*	UK	Ordinary	100%	Energy generation
CLPE ROC - 3 Limited*	UK	Ordinary	100%	Energy generation
CLPE ROC - 4 Limited*	UK	Ordinary	100%	Energy generation
Bellhouse Energy Limited*	UK	Ordinary	100%	Energy generation
Chelson Meadow Energy Limited *	UK	Ordinary	100%	Energy generation
Summerston Energy Limited*	UK	Ordinary	100%	Energy generation
United Mines Energy Limited*	UK	Ordinary	100%	Energy generation
Whinney Hill Energy Limited*	UK	Ordinary	100%	Energy generation
Beighton Energy Limited*	UK	Ordinary	100%	Energy generation
Cotesbach Energy Limited*	UK	Ordinary	100%	Energy generation
Queen's Park Road Energy Limited*	UK	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019 (continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
Skelbrooke Energy Limited*	UK	Ordinary	100%	Energy generation
Wetherden Energy Limited*	UK	Ordinary	100%	Energy generation
Auchencarroch Energy Limited[2]*	UK	Ordinary	100%	Energy generation
Bolam Energy Limited*	UK	Ordinary	100%	Energy generation
Colsterworth Energy Limited*	UK	Ordinary	100%	Energy generation
Connon Bridge Energy Limited*	UK	Ordinary	100%	Energy generation
Feltwell Energy Limited*	UK	Ordinary	100%	Energy generation
Garlaff Energy Limited[2]	UK	Ordinary	100%	Dormant company
Jameson Road Energy Limited*	UK	Ordinary	100%	Energy generation
Kilgarth Energy Limited[2]	UK	Ordinary	100%	Dormant company
March Energy Limited*	UK	Ordinary	100%	Energy generation
Todhills Energy Limited*	UK	Ordinary	100%	Energy generation
Whinney Hill Energy 2 Limited	UK	Ordinary	100%	Dormant company
Beetley Energy Limited*	UK	Ordinary	100%	Energy generation
Cathkin Energy Limited[2]*	UK	Ordinary	100%	Energy generation
Cilgwyn Energy Limited	UK	Ordinary	100%	Dormant company
Stoneyhill Energy Limited[2]	UK	Ordinary	100%	Dormant company
Snetterton Energy Limited	UK	Ordinary	100%	Dormant company
CLPE ROC – 2A Limited	UK	Ordinary	100%	Dormant company
CLPE ROC – 3A Limited*	UK	Ordinary	100%	Energy generation
CLPE ROC – 4A Limited*	UK	Ordinary	100%	Energy generation
Melton Renewable Energy Newco Limited*	UK	Ordinary	100%	Holding company
EPR Renewable Energy Limited*	UK	Ordinary	100%	Holding company
Energy Power Resources Limited*	UK	Ordinary	100%	Energy project development and management services
EPR Scotland Limited[3]*	UK	Ordinary	100%	Energy generation
EPR Ely Limited*	UK	Ordinary	100%	Energy generation
EPR Eye Limited*	UK	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019 (continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
EPR Glanford Limited*	UK	Ordinary	100%	Energy generation
EPR Thetford Limited*	UK	Ordinary	100%	Energy generation
Fibrophos Limited*	UK	Ordinary	100%	Supply of fertiliser
Anglian Straw Limited	UK	Ordinary	100%	Dormant company
BestSelection Limited	UK	Ordinary	100%	Dormant company
Energy Power Resources (Newco) Limited	UK	Ordinary	100%	Dormant company
EPR Ely Power Limited	UK	Ordinary	100%	Dormant company
Fibrowatt Limited	UK	Ordinary	100%	Dormant company
Fibrowatt Group Limited	UK	Ordinary	100%	Dormant company
First Renewables Limited	UK	Ordinary	100%	Dormant company
Banbury Power Limited	UK	Ordinary	100%	Energy generation (in construction)
Boomerang Energy Limited	UK	Ordinary	100%	Holding company
Fern Energy Jupiter Acquisitions Limited	UK	Ordinary	100%	Dormant company
Fern Energy RidgeWind Holdings Limited	UK	Ordinary	100%	Dormant company
Fern Energy Wind Holdings Limited	UK	Ordinary	100%	Holding company
Fern Energy Whiteside Holdings Limited	UK	Ordinary	100%	Dormant company
Fern Energy Ridgewind Acquisitions Limited	UK	Ordinary	100%	Holding company
Fern Energy Ridgewind Acquisitions Number 2 Limited	UK	Ordinary	100%	Dormant company
Fern Energy Cour Holdings Limited	UK	Ordinary	100%	Holding company
Ridge Wind Acquisition Limited	UK	Ordinary	100%	Holding company
Beinneun Wind Farm Extension Limited	UK	Ordinary	100%	Dormant company
Cour WindFarm Holdings Limited	UK	Ordinary	100%	Holding company
Fern Energy (Grange) Limited	UK	Ordinary	100%	Holding company
Auquhirie Land Company Limited	UK	Ordinary	100%	Energy generation
Beinneun Holdings Limited	UK	Ordinary	100%	Holding company
Beinneun Wind Farm Limited	UK	Ordinary	100%	Energy generation
Grange Wind Farm Limited	UK	Ordinary	100%	Energy generation
Cour Wind Farm (Scotland) Limited	UK	Ordinary	100%	Energy generation
Yorkshire Windpower Limited[1]	UK	Ordinary	50%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2019

Notes to the financial statements for the year ended 30 June 2019
(continued)

26 Related undertakings (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
One Healthcare Partners Limited[a]	UK	Ordinary	85%	Holding company
One Ashford Healthcare Limited[a]	UK	Ordinary	89%	Provision of healthcare services
One Hatfield Hospital Limited[a]	UK	Ordinary	90%	Provision of healthcare services
Buckinghamshire Healthcare Limited[a]	UK	Ordinary	100%	Provision of healthcare services
Elios Energy 3 France SAS	France	Ordinary	100%	Energy generation
Helm Power Limited	UK	Ordinary	100%	Holding company
Helm Power 2 Limited	UK	Ordinary	100%	Holding company
Nordic Power Development Limited	UK	Ordinary	100%	Energy generation
Westwood Power Limited	UK	Ordinary	100%	Energy generation
CEPE De La Roche Quatres Rivieres SARL[c]	France	Ordinary	100%	Energy generation
Saunamaa Wind Farm Oy[b]	Finland	Ordinary	100%	Energy generation
Voyrinkangas Wind Farm Oy[b]	Finland	Ordinary	100%	Energy generation

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

[a] Subsidiaries acquired as part of the One Healthcare Partners acquisition

[b] Subsidiaries acquired as part of the Nordic Power Development Limited acquisition

[c] Subsidiaries acquired as part of the Elios Energy 3 France SAS acquisition

The Fern Power Company Limited, Fern Energy Holdings Limited, Fern Trading Development Limited, Fern Healthcare Holdings Limited and Eucalyptus Energy Holdings Limited are held directly by the Company. All other subsidiaries are held indirectly.

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

[1]Westwood Way, Westwood Business Park, Coventry, CV4 8LG

[2]Pinsent Masons LLP, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9AQ

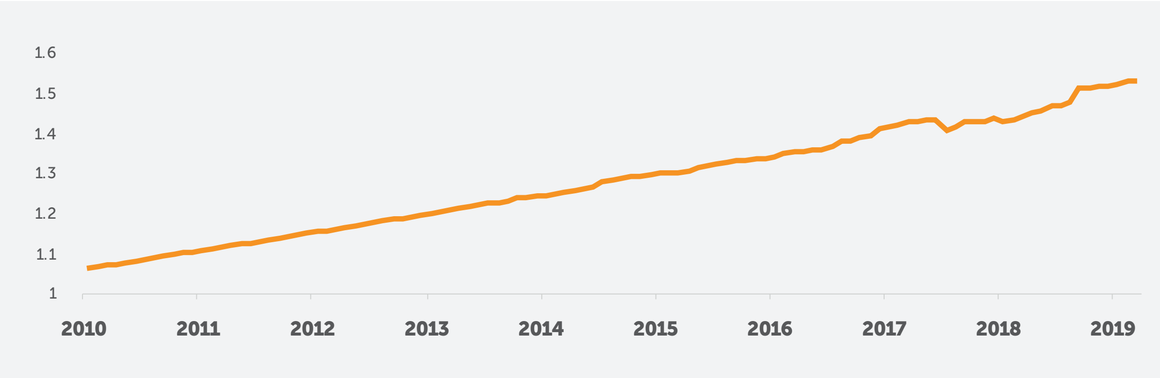
[3]91 West George Street, Glasgow, G2 2LD

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

5 | APPENDIX – SHARE PRICE PERFORMANCE

Fern's share price has performed in line with targets

Share price growth since inception: Fern Trading Limited



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

Annual discrete performance

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

Source: Octopus Investments, 2 June 2019.

6 | COMPANY INFORMATION

Directors and Advisors

Directors

PS Latham
KJ Willey
PG Barlow

Company secretary

Octopus Company Secretarial Services Limited

Company number

06447318

Registered office

6th Floor, 33 Holborn, London EC1N 2HT

Independent auditors

PricewaterhouseCoopers LLP

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

Forward-looking statements

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