

**Fern Trading Limited (formerly Fern 1 Holding Limited)**

Report And Financial Statements

*30 June 2011*

Fern Trading Limited (formerly Fern 1 Holding Limited)

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COMPANY INFORMATION

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<b>Directors</b>	SA Crane PS Latham KJ Willey
<b>Company secretary</b>	OCS Services Limited
<b>Registered office</b>	20 Old Bailey London EC4M 7AN
<b>Auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Company number</b>	06447318

## DIRECTORS' REPORT

For the period ended 30 June 2011

The directors present their report and the financial statements for the period ended 30 June 2011.

### Principal activities and review of business

In the financial period to 30 June 2011, Fern Trading Limited ("Fern") has engaged in a variety of lending based activities. The absence or reluctance of major institutions to provide funding in many sectors continues to present an opportunity to satisfy demand from solid and reliable business models with a strong track record, which Fern has taken.

In the period, Fern has provided funding to businesses across a number of primarily asset backed finance sectors where the management demonstrated superior operational skill and the risk profile of lending and return for Fern met the objectives for the shareholders. In particular the area of renewable energy continues to provide room for growth and deployment of shareholder capital with good visibility of earnings, despite some legislative changes in the sector. Niche property lending at conservative loan to value continues to be an attractive sector, with a very low delinquency reflecting a wider economic trend as people look to maintain finance payments and repair personal or company credit records.

The wider economic outlook remains challenging with uncertainty in the Eurozone prevailing, however, Fern's counterparties have delivered robust results, with a conservative outlook sustaining key business models. Next year we anticipate further penetration into the core markets of Fern's existing counterparties to drive growth, and intend to continue seeking further opportunities to add shareholder value based on the launch pad of this period.

### Directors

The directors who served during the period were:

PS Latham (appointed 27 April 2010)  
HJ Mayor (resigned 27 April 2010)  
OCS Services Limited (resigned 1 August 2011)

SA Crane and KJ Willey were appointed directors on 1 August 2011.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

**DIRECTORS' REPORT**

For the period ended 30 June 2011

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Provision of information to auditors**

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

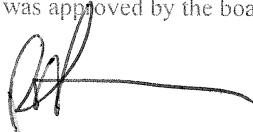
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report was approved by the board on 22 December 2011 and signed on its behalf.



P S Latham  
Director



# REES POLLOCK

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FERN TRADING LIMITED

We have audited the financial statements of Fern Trading Limited (formerly Fern 1 Holding Limited) for the period ended 30 June 2011, set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Catherine Kimberlin (Senior statutory auditor)

for and on behalf of

**Rees Pollock, Statutory Auditor**

22 December 2011

**PROFIT AND LOSS ACCOUNT**  
For the period ended 30 June 2011

	Note	Period ended 30 June 2011 £	Year ended 31 December 2009 £
<b>TURNOVER</b>	1,2	3,470,042	-
Cost of sales		(150,000)	-
<b>GROSS PROFIT</b>		3,320,042	-
Administrative expenses		(1,437,448)	-
Other operating income	3	550	-
<b>OPERATING PROFIT</b>	4	1,883,144	-
Profit on disposal of investments		350,464	-
Interest receivable and similar income		306,420	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,540,028	-
Tax on profit on ordinary activities	6	(609,730)	-
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	11	1,930,298	-

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2009 other than those included in the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

BALANCE SHEET  
As at 30 June 2011

	Note	£	30 June 2011 £	31 December 2009 £
<b>CURRENT ASSETS</b>				
Debtors: amounts falling due after more than one year	7	69,615,395	-	-
Debtors: amounts falling due within one year	7	65,451,018	-	-
Investments	8	2,349,128	-	-
Cash at bank		9,924,880	-	-
		<u>147,340,421</u>	-	-
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(1,428,700)</u>	-	-
<b>NET CURRENT ASSETS</b>			<u>145,911,721</u>	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><u>145,911,721</u></u>	<u><u>-</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	10		13,134,931	-
Share premium account	11		130,846,492	-
Profit and loss account	11		<u>1,930,298</u>	-
<b>SHAREHOLDERS' FUNDS</b>	12		<u><u>145,911,721</u></u>	<u><u>-</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2011.



P S Latham  
Director

The notes on pages 6 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 30 June 2011

1. ACCOUNTING POLICIES

**Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Cash flow**

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**Turnover**

Turnover comprises revenue recognised by the company in respect of loan finance supplied during the period, exclusive of value added tax.

Revenue arising is recognised on the following bases unless there is a significant risk that there will be a default on the amount of consideration due:

- Interest income is recognised over the term of the loan on an accruals basis.
- Up front fees charged to customers are non-refundable and, as there are no significant future executory costs, are recognised in turnover upon the signing of the contract.

**Investments**

Investments are recognised at cost.

The company reviews its investments for indications of impairment on a regular basis. Where such indications are deemed to exist, an impairment loss is recognised such that the investment is written down to its estimated net realisable value.

**Cash**

Cash includes cash in hand and deposits repayable on demand.

**Deferred taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

**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.



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

2. **TURNOVER**

Turnover for the period was derived from the company's principal continuing activity which was carried out wholly in the UK.

3. **OTHER OPERATING INCOME**

	Period ended 30 June 2011 £	Year ended 31 December 2009 £
Other operating income	550	-

4. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Period ended 30 June 2011 £	Year ended 31 December 2009 £
Auditors' remuneration	15,000	-
Difference on foreign exchange	(464)	-

5. **STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2009 - £nil).

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 30 June 2011

6. TAXATION

	Period ended 30 June 2011 £	Year ended 31 December 2009 £
UK corporation tax charge on profit for the period/year	609,730	-

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

The tax assessed for the period/year differs from the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below:

	Period ended 30 June 2011 £	Year ended 31 December 2009 £
Profit on ordinary activities before tax	2,540,028	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	711,208	-
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,096	-
Book profit on chargeable assets	(98,130)	-
Indexation	38	-
Adjustment due to changes in tax rates	(7,348)	-
Other differences	(134)	-
<b>Current tax charge for the period/year (see note above)</b>	<b>609,730</b>	<b>-</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 30 June 2011

7. DEBTORS

	30 June 2011 £	31 December 2009 £
<b>Due after more than one year</b>		
Trade debtors	69,615,395	-
	<u>69,615,395</u>	<u>-</u>
	30 June 2011 £	31 December 2009 £
<b>Due within one year</b>		
Trade debtors	51,682,681	-
Other debtors	10,286,619	-
Called up share capital not paid	3,470,195	-
Prepayments and accrued income	11,523	-
	<u>65,451,018</u>	<u>-</u>

8. CURRENT ASSET INVESTMENTS

	30 June 2011 £	31 December 2009 £
Unlisted investments	2,349,128	-
	<u>2,349,128</u>	<u>-</u>

The unlisted investments represent an investment in Bracken Holdings Limited, a company with key management personnel in common with Fern Trading Limited. This investment represents a 1% share of Bracken Holdings Limited's Ordinary share capital. This has not been treated as an associated undertaking and its results have not been consolidated as Fern Trading Limited does not exert significant influence (as defined by FRS9: "Associates and joint ventures") over its activities.

9. CREDITORS:

Amounts falling due within one year

	30 June 2011 £	31 December 2009 £
Trade creditors	54,665	-
Corporation tax	609,864	-
Accruals and deferred income	764,171	-
	<u>1,428,700</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 30 June 2011

10. SHARE CAPITAL

	30 June 2011 £	31 December 2009 £
<b>Allotted and called up</b>		
131,349,305 (2009 - 2) Ordinary shares of £0.10 each	13,134,930.50	0.20

During the year the company issued 131,349,303 Ordinary shares of £0.10 each for a consideration of £143,981,422, giving rise to a premium of £130,846,492.

The amounts of paid up share capital differed from the called up share capital stated above due to unpaid calls as follows:

	2011 £	2009 £
Ordinary shares unpaid	3,470,020	-

11. RESERVES

	Share premium account £	Profit and loss account £
Profit for the period	-	1,930,298
Premium on shares issued during the period	130,846,492	-
At 30 June 2011	130,846,492	1,930,298

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 June 2011 £	31 December 2009 £
Opening shareholders' funds	-	-
Profit for the period/year	1,930,298	-
Shares issued during the period/year	13,134,931	-
Share premium on shares issued (net of expenses)	130,846,492	-
Closing shareholders' funds	145,911,721	-

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 30 June 2011

13. RELATED PARTY TRANSACTIONS

Trade debtors (see note 7) include the following entities which have key management personnel in common with Fern Trading Limited ("Fern"):

	Amount included in trade debtors £	Interest receivable in period ended 30 June 2011 £	Interest rate charged (AER)	
Aashman Power Limited	7,584,247	84,247	10	-
Gnowee Power Limited	848,878	12,562	10	-
Howbery Solar Park Limited	363,452	3,452	10	-
Kala Power Limited	10,967,038	132,638	10	-
Meri Power Limited	4,042,260	42,260	10	-
Nima Power Limited	2,244,000	44,000	10	-
Palk Power Limited	4,614,231	105,229	10	-
Sula Power Limited	2,018,630	18,630	10	-
Tonatiuh Trading 1 Limited	8,623,643	63,323	10	-
Tuwale Power Limited	2,427,283	26,963	10	-
Bracken Holdings Limited (i)	12,600,211	125,411	Variable	-
Bracken Holdings Limited (ii)	5,153,518	205,565	LIBOR+9.5%	-
Bracken Holdings Limited (iii)	4,109,942	66,118	Variable	-
Ticketus LLP	1,894,225	56,225	8	-
Ticketus 2 LLP	3,570,575	70,575	8	-

Fern entered into the following transactions in the year with companies that have key management personnel in common:

Fern was recharged administrative expenses totaling £1,055,252, by Octopus Investments Limited. At 30 June 2011, an amount of £562,937 relating to these recharges was included in accruals (see note 9).

Octopus Investments Limited loaned an amount of £1,233,592 to Fern Trading Limited. No amounts relating to this transaction were outstanding at 30 June 2011.

Apart from the loan above, Fern also loaned an amount of £3,221,173 to Bracken Holdings Limited during the period, on which interest of £110,996 was charged. No amounts relating to this transaction were outstanding at 30 June 2011.

At 30 June 2011 an amount of £1,780,360 was owed to Fern by Chuku Power Limited is included within other debtors (see note 7). Interest of £360 was charged on this loan during the period.

At 30 June 2011 an amount of £54,665 was owed to Bridgeco Limited and is included in trade creditors (see note 9).

There were no transactions with related parties in the year ended 31 December 2009.

14. CONTROLLING PARTY

There is no ultimate controlling party.