

Registered number: 08708744

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

COMPANY INFORMATION

Directors	Alexander Michael Balikhin (appointed 31 May 2021) Valeria Rosati Marissa Ann Szczepaniak (resigned 31 May 2021)
Company secretary	Pario Renewables Ltd
Registered number	08708744
Registered office	18 Riversway Business Village Navigation Way Ashton-On-Ribble Preston PR2 2YP

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

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EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their strategic report for the year ended 31 December 2021. This report provides an overview of the current year performance, position and main issues that have been considered by the directors.

Principal activity

The principal activity of the company is that of a holding company, the subsidiary company's (Crook Hill Properties Ltd) principal activity is the operations of a wind farm to supply electricity. The results of the subsidiary company are not included in the holding company accounts.

Business review

During the year the trading subsidiary operated a wind farm in Rochdale, Lancashire, within the United Kingdom. The wind farm has been fully operational throughout the year ended 31 December 2021 and generated turnover of £10.0 million (2020: £10.8 million) and profits after tax of £3.1 million (2020: £3.3 million).

The wind farm experienced significantly lower than budgeted generation volumes of 99.5 GWh (2020: 128.6 GWh) achieving 84% of the P50 budget during the year. The below budget generation was caused by poor average wind speeds, which impacted wind farms generating across the UK during 2021. The low generation was mitigated slightly by the higher than budget prices achieved.

Wholesale power prices began to improve though 2021 as an increase in demand following the pandemic and also increasing commodity prices pushed the electricity market prices. Due to this the Directors are anticipating higher turnover in this and subsequent years.

Principal risks and uncertainties

The principal risks currently facing the group are:

Operational Availability

The directors closely monitor the wind farm availability which has a direct impact on the performance of the group. Turbine availability for contract year 6 was 97.6%, above the warranted level of 97%.

Electricity price

The group is exposed to the wholesale electricity price market and is therefore impacted as the prices rise and fall, as such it seeks to fix prices to minimise risk. The group also benefits from a PPA contract that guarantees a floor price for export sales should the market fall significantly.

ESG and Climate-related financial disclosures

The Company recognises that climate change is a critical global issue that has significant implications for our business, customers, and communities. As a responsible business, European Investments (Crook Hill) Limited is committed to assessing climate related risks and opportunities (including those arising from energy transition) and driving positive climate action where possible, including mitigation and adaptation. We are continuously looking to improve our responses to climate change risks and enhance our ESG commitments. We are also actively incorporating disclosures in line with the requirements of the Task Force on Climate-Related Financial Disclosures ("TCFD").

Crook Hill Properties Limited acknowledges that completing the implementation of the TCFD recommendations to the fullest extent will require further time and work, including on enhancing data collection and analysis to drive informed decisions in the future in light of the threats and opportunities that climate change presents. In addition, our participation in the GRESB survey assesses, every year, our commitment to implement ESG practices,

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

including TCFD guidelines, and benchmarks the Company against its peers.

Governance

The Board is responsible for overseeing the climate change strategy, approving the ESG policy and monitoring its implementation, with climate change being a key component of this strategy. The Board is also responsible for identifying, assessing and managing risks to the business, including climate-related risks.

Strategy

Our strategic response to climate change includes the following actions:

Engage with stakeholders on climate change – keep abreast of best practices on climate change and mitigation and request that stakeholders act accordingly, including O&M (Operations and Maintenance) providers, third party service providers, other contractual and non-contractual parties in the community

Review of climate change risks and opportunities – continuously review exposure to climate change

Follow international disclosure frameworks – prepare TCFD disclosures and submit GRESB assessment annually

Board oversight – monthly updates on operations and potential or materialised climate change risks

Review technological development in light of identified climate-related risks and opportunities – consider targeting resilient investments and enhancements.

Risk Management

Risks are continuously monitored and reported on. The O&M and MSA providers deliver written monthly reports to the Board, as well as ad hoc updates on urgent matters. The Board convenes quarterly to discuss operational, financial and ESG-related performance, including in relation to climate change. The Board reviews the ESG Risk Register annually.

It is expected that the Company will undertake quantitative scenario analysis in 2022, to gauge the financial risk under different climate change scenarios.

In development and integration of the TCFD disclosure, an assessment of climate-related risks and opportunities has been undertaken in consideration of varying time-horizons. These are detailed in the table below.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Risk/Opportunity	Potential Financial Impact	Time Horizon
Transition Risks	Policy and Legal		
	Higher wind capacity targets mandated by government	Revenue cannibalisation due to higher penetration of renewables and lower capture prices	Long term
	Technology		
	Introduction of cheaper, more efficient power generating technologies	Lower market clearing price of electricity	Medium term
	Reputation		
	Decommissioning requirements driven by reputational risk around recycling	Immaterial	Long term
Physical Risks	Market		
	Drop in electricity consumption due to demand management initiatives	Immaterial	Long term
	Acute		
	Extreme weather events	Physical damage and loss of availability	Medium term
	Chronic		
Opportunities	Change of wind patterns and reduced wind speeds	Lower electricity output	Medium term
	More frequent snowfall, flooding, and other adverse weather impacts	Increased maintenance cost, reduced site access and longer downtime	Medium term
	Higher demand from electrification and cooling	Higher electricity prices	Long term
	Supply interruptions due to extreme weather	Temporarily spikes in electricity prices	Medium term
	Higher carbon prices	Higher capture prices for green electricity	Medium term

Metrics and Targets

The Board has been working to ensure robust metrics in relation to climate change are being reported. The Company monitors its impact, both positive and negative, on the environment through measurement of Clean Energy Produced, Energy Imported, and GHG Emissions Avoided. As a renewable energy producer, the Company displaces more pollutive energy production, such as coal and gas generation. The Company also monitors the risk from climate change through the effect that extreme weather has on its operations, including output lost to: snow/ice events, high winds/storms, site access restricted due to extreme weather. Targets have not yet been set, as all metrics are almost entirely dependent on weather patterns, and not controllable by the Company. Climate change metrics for 2021 are presented below.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Crook Hill	<u>2021</u>
Electricity Produced (MWh) ⁽¹⁾	99,543
Electricity Imported (MWh) ⁽²⁾	113
GHG Emissions Avoided (tCO ₂ e) ⁽³⁾	90,485

Crook Hill	<u>2021</u>	<u>2021</u>
Output Hours Lost to Weather Events ⁽⁴⁾	# hrs	% of total ⁽⁵⁾
Snow/Ice Events	3,275	3.4%
High Winds / Storms	101	0.1%
Site Access restricted due to extreme weather	264	0.3%

(1) Energy produced from renewable wind power generation

(2) Electricity imported from the grid

(3) Estimated based on c.909 tonnes of CO₂ emissions displaced per GWh of electricity supplied in the UK (source: Digest of UK Energy Statistics 2019) for wind farms for CO₂ avoided;

(4) Turbine hours of output curtailed due to adverse weather conditions

(5) Theoretical maximum operating turbine hours in a year.

This report was approved by the board on 27 July 2022

and signed on its behalf.



Valeria Rosati
Director

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £6,700,000 (2020 - £6,097,604).

Directors

The directors who served during the year were:

Alexander Michael Balikhin (appointed 31 May 2021)

Valeria Rosati

Marissa Ann Szczepaniak (resigned 31 May 2021)

Future developments

The Directors of the company remain confident that despite fluctuations in energy price and varying generation levels across years that the economic future of the assets will remain consistent with the financial plan in place covering the economic life of the operational wind farm.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

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

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

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Valeria Rosati
Director

Date: 27/07/2022

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

Opinion

We have audited the financial statements of European Investments (Crook Hill) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (CROOK HILL) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (CROOK HILL) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were as follows:

The company and its subsidiary are private limited companies that are based and operated in England and Wales, with no paid / direct employees. As such the relevant primary key laws and regulations are:

- Companies Act
- Health and Safety at Work Regulations
- General Data Protection Regulations
- VAT and Corporation Tax Compliance
- Anti-Corruption and Bribery

In relation to the activities of the operating subsidiary being the generation of electricity on wind farms, further sector regulation applies:

- Planning Regulations
- Environmental Regulations (including COSHH)
- Connection Agreement to the grid
- Ofgem Accreditation and reporting

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and posting of unusual or complex transactions or journals. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, we have also tested a sample of journals to confirm they were appropriate and in line with standard business processes.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN INVESTMENTS (CROOK HILL)
LIMITED (CONTINUED)**

Use of our report

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

Crowe U.K. LLP

Mark Evans (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
Date: 28 July 2022

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021 £	2020 £
Income from fixed assets investments	5	6,700,000	6,095,168
Interest receivable and similar income	6	1,517,528	1,914,229
Interest payable and similar expenses	7	(1,517,528)	(1,913,719)
Profit before tax		6,700,000	6,095,678
Tax on profit		-	1,926
Profit for the financial year		6,700,000	6,097,604
Other comprehensive income for the year			
Fair value movement on interest rate swap		3,315,208	(1,042,735)
Other comprehensive income for the year		3,315,208	(1,042,735)
Total comprehensive income for the year		10,015,208	5,054,869

The notes on pages 15 to 21 form part of these financial statements.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED
REGISTERED NUMBER: 08708744

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	10	26,926,601	26,926,601
		<u>26,926,601</u>	<u>26,926,601</u>
Current assets			
Debtors	11	31,245,249	32,641,301
Creditors: amounts falling due within one year	12	(1,502,958)	(1,392,787)
Net current assets		<u>29,742,291</u>	<u>31,248,514</u>
Total assets less current liabilities		<u>56,668,892</u>	<u>58,175,115</u>
Creditors: amounts falling due after more than one year	13	(39,118,912)	(43,940,343)
Net assets		<u><u>17,549,980</u></u>	<u><u>14,234,772</u></u>
Capital and reserves			
Called up share capital	15	19,548,855	19,548,855
Hedging reserve	16	(2,009,257)	(5,324,465)
Profit and loss account	16	10,382	10,382
		<u><u>17,549,980</u></u>	<u><u>14,234,772</u></u>

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



Valeria Rosati
Director

Date: 27/07/2022

The notes on pages 15 to 21 form part of these financial statements.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	19,548,855	(5,324,465)	10,382	14,234,772
Profit for the year	-	-	6,700,000	6,700,000
Fair value movement on interest rate swap	-	3,315,208	-	3,315,208
Dividends	-	-	(6,700,000)	(6,700,000)
At 31 December 2021	19,548,855	(2,009,257)	10,382	17,549,980

The notes on pages 15 to 21 form part of these financial statements.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	19,548,855	(4,281,730)	7,946	15,275,071
Profit for the year	-	-	6,097,604	6,097,604
Fair value movement on interest rate swap	-	(1,042,735)	-	(1,042,735)
Dividends	-	-	(6,095,168)	(6,095,168)
At 31 December 2020	19,548,855	(5,324,465)	10,382	14,234,772

The notes on pages 15 to 21 form part of these financial statements.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

European Investment (Crook Hill) Limited is a private company (registered number 08708744) limited by shares and incorporated, domiciled and registered in England and Wales.

The registered office of the company is 18 Riversway Business Village, Navigation Way, Aston-On-Ribble, Preston, PR2 2YP.

The principal activity of the company is that of a holding company. The subsidiary's principal activity is the operations of a wind farm for the supply of electricity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ventus Investments Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its bank loan facility, to meet its liabilities as they fall due for that period. These forecasts assume that the company will continue to have access to finance on similar terms to its current facilities throughout the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

The Company's functional and presentational currency is GBP.

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable from the production and sale of electricity which includes wholesale export power and renewable obligation certificates. Turnover excludes value added tax. Turnover from the production and sale of electricity is recognised when the commodity is delivered on the basis of the agreed volumes and rates within the sales contracts. Where the amounts paid in cash differ to the amount delivered, this difference is included within accrued or deferred income accordingly.

2.6 Interest receivable / payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the notice of not more than 24 hours.

Other financial instruments

The Company uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its interest rates and foreign exchange derivatives. These derivatives are measured at fair value at each balance sheet date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where a derivative financial instrument qualifies for hedge accounting and is designated as a hedge of the variability in cashflows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in profit and loss immediately.

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

3. Auditor's remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2020 - 0).

5. Income from investments

	2021 £	2020 £
Dividends received from subsidiaries	<u>6,700,000</u>	<u>6,095,168</u>

6. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	1,517,528	1,913,719
Other interest receivable	-	510
	<u>1,517,528</u>	<u>1,914,229</u>

7. Interest payable and similar expenses

	2021 £	2020 £
Loans from group undertakings	<u>1,517,528</u>	<u>1,913,719</u>

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	(1,926)
	<u>-</u>	<u>(1,926)</u>
Taxation on profit/(loss) on ordinary activities	<u>-</u>	<u>(1,926)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>6,700,000</u>	<u>6,095,678</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	-	1,158,179
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	(1,926)
Exempt distributions	-	(1,158,082)
Group relief	-	(97)
Total tax charge for the year	<u>-</u>	<u>(1,926)</u>

Factors that may affect future tax charges

From April 2023 the UK Government have set future corporate tax rates at 25%. This increase does not have a material effect on the Company.

9. Dividends

	2021 £	2020 £
Dividends	<u>6,700,000</u>	<u>6,095,168</u>

EUROPEAN INVESTMENTS (CROOK HILL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	26,926,601
At 31 December 2021	<u>26,926,601</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Crook Hill Properties Limited	2nd Floor Palm Grove House, Road Town, Tortola, Virgin Islands, British	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Crook Hill Properties Limited	5,708,058	3,984,337

11. Debtors

	2021 £	2020 £
Other debtors	31,228,208	32,624,741
Prepayments and accrued income	17,041	16,560
	<u>31,245,249</u>	<u>32,641,301</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	1,502,958	1,387,322
Accruals and deferred income	-	5,465
	<u>1,502,958</u>	<u>1,392,787</u>

13. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	37,109,655	38,615,878
Financial instruments	2,009,257	5,324,465
	<u>39,118,912</u>	<u>43,940,343</u>

14. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	1,502,958	1,387,322
Amounts falling due 2-5 years		
Bank loans	6,751,371	6,208,350
Amounts falling due after more than 5 years		
Bank loans	30,358,284	32,407,528
	<u>38,612,613</u>	<u>40,003,200</u>

The bank loan is a term loan repayable in six-monthly instalments from June 2016 to June 2030 and bears interest at a variable rate based on floating LIBOR. In respect of the term loan the company has entered into an interest hedging agreement to be applied to the expected future borrowings. The hedging agreement fixes the interest rate at 3.063%. The term loan is secured by way of a fixed and floating charge over the company's assets. Loan issue costs in respect of these facilities have been deducted from the gross proceeds of the bank borrowings and are being amortised over the period of the facilities as part of the finance costs.

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NOTES TO THE FINANCIAL STATEMENTS
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15. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
19,548,855 (2020 - 19,548,855) Ordinary Shares shares of £1.00 each	<u>19,548,855</u>	<u>19,548,855</u>

16. Reserves

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

17. Controlling party

The Company's immediate parent undertaking is Ventus Investments Limited, a company registered in England and Wales.

The ultimate controlling party of the Company is the Nat West Group Pension Fund.

The only group in which the results of the company are consolidated is that headed by Ventus Investments Limited, Unit 18, Riversway Business Village, Navigation Way, Aston-On-Ribble, Preston, PR2 2YP. These consolidated financial statements are available to the public.