

Registration number: 07836427

CWE ENDURANCE LIMITED
Annual Report and Financial Statements
for the Year Ended 31 December 2021



CWE Endurance Limited

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CWE Endurance Limited

Company Information

Directors	BJA Hutt J Bird
Registered office	First Floor, River Court The Old Mill Office Park Mill Lane Godalming Surrey GU7 1EZ
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

CWE Endurance 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.

Principal activity

The principal activity of the company is that of electricity generation from wind turbines.

Directors of the company

The directors who held office during the year were as follows:

BJA Hutt

DL Akers-Douglas (resigned 7 October 2021)

J Bird (appointed 7 October 2021)

Fair review of the business

The results of the company for the year show a pre-tax loss of £784,366 (2020 - pre-tax loss of £329,522) after the acceleration of loan fees and net break costs of £130,166 (2020 - £nil) due to the refinancing of the group bank facilities and turnover of £2,550,389 (2020 - £2,789,565).

The company has 58 operating turbines.

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and bank loan facilities. Further details are given in note 2.

The company and group's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact on the economy of another pandemic or continuing hostilities in Ukraine. In the directors' assessment they have considered the effectiveness of available measures to assist in mitigating any impact of the effect of delays in repairs and cost increases.

Although the forecasts prepared, taking account of the matters above, support the ability of the company to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of the war in Ukraine on the wider economy and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to variation. However, based on the factors set out above, the directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each of the directors has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

CWE Endurance Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

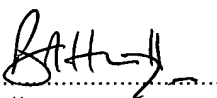
Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022. The auditor Azets Audit Services will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies' provision statement

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved and authorised by the Board on 21 July 2022 and signed on its behalf by:


.....
BJA Hutt
Director

CWE Endurance Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

CWE Endurance Limited

Independent Auditor's Report to the Members of CWE Endurance Limited

Opinion

We have audited the financial statements of CWE Endurance Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, 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 loss 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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.

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.

CWE Endurance Limited

Independent Auditor's Report to the Members of CWE Endurance Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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:

CWE Endurance Limited

Independent Auditor's Report to the Members of CWE Endurance Limited (continued)

- enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- reading any correspondence with regulators including the Health and Safety Executive;
- reviewing board minutes;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

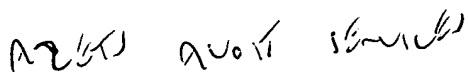
Due to the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety and compliance with the UK Companies Act and tax legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 25/7/22

Azets Audit Services is a trading name of Azets Audit Services Limited.

CWE Endurance Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	2,550,389	2,789,565
Cost of sales		<u>(1,311,345)</u>	<u>(1,279,363)</u>
Gross profit		1,239,044	1,510,202
Administrative expenses		(1,573,746)	(1,158,749)
Exceptional administrative expenses	5	(449,638)	-
Other operating income	4	<u>319,472</u>	<u>-</u>
Operating (loss)/profit	5	(464,868)	351,453
Income from shares in group undertakings		-	48,290
Other interest receivable and similar income	6	-	647,992
Interest payable and similar expenses	7	<u>(319,498)</u>	<u>(1,377,257)</u>
Loss before tax		(784,366)	(329,522)
Taxation	10	<u>54,003</u>	<u>92,260</u>
Loss for the financial year		<u><u>(730,363)</u></u>	<u><u>(237,262)</u></u>

The above results were derived from continuing operations.

The notes on pages 12 to 29 form an integral part of these financial statements.

CWE Endurance Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Loss for the year	<u>(730,363)</u>	<u>(237,262)</u>
Surplus on tangible fixed asset revaluation	-	6,413,877
Income tax effect on tangible fixed asset revaluation	(384,833)	(1,218,637)
Unrealised loss on cash flow hedges before tax	(1,714,323)	-
Income tax effect on cash flow hedges	<u>428,581</u>	<u>-</u>
	<u>(1,670,575)</u>	<u>5,195,240</u>
Total comprehensive income for the year	<u><u>(2,400,938)</u></u>	<u><u>4,957,978</u></u>

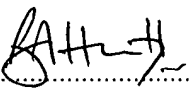
The notes on pages 12 to 29 form an integral part of these financial statements.

CWE Endurance Limited

(Registration number: 07836427)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	1,286,096	1,184,735
Tangible assets	12	15,266,008	16,374,660
Investments	13	-	190,480
		<u>16,552,104</u>	<u>17,749,875</u>
Current assets			
Stock	14	144,581	255,389
Debtors	15	949,842	13,165,643
Cash at bank and in hand		49,194	71,753
		<u>1,143,617</u>	<u>13,492,785</u>
Creditors: Amounts falling due within one year	16	<u>(749,090)</u>	<u>(9,221,344)</u>
Net current assets		<u>394,527</u>	<u>4,271,441</u>
Total assets less current liabilities		16,946,631	22,021,316
Creditors: Amounts falling due after more than one year	16	(15,845,699)	(17,049,324)
Provisions for liabilities	19	<u>(1,144,424)</u>	<u>(1,243,407)</u>
Net (liabilities)/assets		<u>(43,492)</u>	<u>3,728,585</u>
Capital and reserves			
Called up share capital	20	1	1
Other reserves	21	(1,285,742)	-
Profit and loss account	21	<u>1,242,249</u>	<u>3,728,584</u>
Shareholders' (deficit)/funds		<u>(43,492)</u>	<u>3,728,585</u>

Approved and authorised by the Board on 21 July 2022 and signed on its behalf by:


.....
BJA Hutt
Director

The notes on pages 12 to 29 form an integral part of these financial statements.

CWE Endurance Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Revaluation reserve £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2020	1	-	-	(1,229,394)	(1,229,393)
Loss for the year	-	-	-	(237,262)	(237,262)
Other comprehensive income	-	5,195,240	-	-	5,195,240
Total comprehensive income	-	5,195,240	-	(237,262)	4,957,978
Bonus issue of share capital	5,195,240	(5,195,240)	-	-	-
Capital reduction	(5,195,240)	-	-	5,195,240	-
At 31 December 2020	1	-	-	3,728,584	3,728,585

	Share capital £	Revaluation reserve £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2021	1	-	-	3,728,584	3,728,585
Loss for the year	-	-	-	(730,363)	(730,363)
Other comprehensive income	-	(384,833)	(1,285,742)	-	(1,670,575)
Total comprehensive income	-	(384,833)	(1,285,742)	(730,363)	(2,400,938)
Dividends	-	-	-	(1,371,139)	(1,371,139)
Transfers	-	384,833	-	(384,833)	-
At 31 December 2021	1	-	(1,285,742)	1,242,249	(43,492)

The notes on pages 12 to 29 form an integral part of these financial statements.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated, registered and domiciled in England.

The address of its registered office is First Floor, River Court, The Old Mill Office Park, Mill Lane, Godalming, Surrey GU7 1EZ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Name of parent of group

These financial statements are consolidated in the financial statements of Constantine Wind Energy Limited, the company's parent undertaking. The financial statements of Constantine Wind Energy Limited may be obtained from Companies House.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Group accounts not prepared

The financial statements contain information about CWE Endurance Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Constantine Wind Energy Limited.

Going concern

The company is part of a group headed by Constantine Wind Energy Limited.

The company has recorded a loss before tax of £784,366 in the year ended 31 December 2021 and has net current assets of £394,527 at the year end.

CWE Endurance Limited, along with certain other subsidiaries of Constantine Wind Energy Limited, had a loan of £18.6m with Close Leasing Limited until December 2022. The loan was secured by charges over the assets of the financing group in favour of Close Leasing Limited. On 5 January 2021 this bank loan was repaid in full and a new group banking facility of £96.2m with Scottish Widows Limited was agreed and drawn down in full by CWE B Limited as head of the new banking facility group, which includes CWE Endurance Limited. This new facility is secured by charges over the assets of this wider banking group in favour of Scottish Widows Limited. The loan is repayable in semi-annual payments to 31 March 2038 and is subject to a fixed interest rate of 2.12%, for the life of the loan.

The company meets its day to day working capital requirements through cash generated from operations and these loan facilities.

The financial statements have been prepared on a going concern basis.

The company and group's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact on the economy of another pandemic or continuing hostilities in Ukraine. In the directors' assessment they have considered the effectiveness of available measures to assist in mitigating any impact of the effect of delays in repairs and cost increases.

Although the forecasts prepared, taking account of the matters above, support the ability of the company to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of the war in Ukraine on the wider economy and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to variation. However, based on the factors set out above, the directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors do not consider there to be any judgements in the application of these accounting policies that have significant effect on the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets and licence rights - The directors have applied a useful economic life of 20 years to tangible fixed assets and 20 years to licence rights and consider this to be appropriate based upon their expected lives.

Estimation of fair value of plant and machinery - The directors have applied the revaluation model to plant and machinery and determined their fair value on the basis of discounted cash flow projections based upon reliable estimates of future cash flows (Level 3 fair value measurements).

Turnover

Turnover comprises the fair value of the consideration received or receivable in the ordinary course of the company's activities net of value added tax and discounts. Turnover is derived from the sale of electricity generated by the company and provided under fixed price supply contracts. Turnover is recognised as supplied into the distribution network.

Finance income and costs policy

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, except for plant & machinery which is measured at fair value less accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Increases in the carrying amounts arising on revaluation of plant and machinery are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	5% on cost straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Licence rights	5% on cost straight line
Goodwill	Straight line over useful economic life

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Fixed payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Payments made under operating leases whose rental is based either entirely or partially upon turnover generated by a specific asset are recognised in the profit and loss account in the period in which the turnover is earned.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows 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 ("OCI"). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the profit and loss account the hedging gain or loss is reclassified to the profit and loss account.

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 hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	2,550,325	2,771,342
Grants received	-	11,000
Other revenue	64	7,223
	<u>2,550,389</u>	<u>2,789,565</u>

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Recharges due from group undertakings	<u>319,472</u>	<u>-</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	1,365,960	712,958
Amortisation expense	89,119	89,119
Amortisation of loan arrangement fees	10,869	69,616
Foreign exchange gains	<u>(166)</u>	<u>-</u>

The exceptional administrative expenses comprise loan break costs and accelerated loan fee amortisation following the refinancing at the beginning of the year.

6 Interest receivable and similar income

	2021	2020
	£	£
Interest income on amounts owed from group undertakings	<u>-</u>	<u>647,992</u>

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	4,021	1,033,589
Interest payable on loans from group undertakings	<u>315,477</u>	<u>343,668</u>
	<u>319,498</u>	<u>1,377,257</u>

8 Directors' remuneration, staff numbers and costs

The directors received no remuneration for their services to the company during the current or prior year and were the only employees of the company in the year.

9 Auditor's remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>3,245</u>	<u>3,090</u>

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax adjustment to prior periods	1,232	(58,840)
Group relief payable/(receivable)	-	(86,836)
	<u>1,232</u>	<u>(145,676)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(115,653)	(35,047)
Arising from changes in tax rates and laws	(7,311)	3,054
Arising from adjustments relating to the previous period	<u>67,729</u>	<u>85,409</u>
Total deferred taxation	<u>(55,235)</u>	<u>53,416</u>
Tax credit in the profit and loss account	<u>(54,003)</u>	<u>(92,260)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	<u>(784,366)</u>	<u>(329,522)</u>
Corporation tax at standard rate	(149,030)	(62,609)
Effect of revenues exempt from taxation	-	(9,175)
Effect of expense not deductible in determining taxable profit (tax loss)	3,056	4,906
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(7,311)	3,054
Decrease from tax losses for which no deferred tax asset was recognised	-	(84,454)
Increase in UK and foreign current tax from adjustment for prior periods	68,961	26,569
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>30,321</u>	<u>29,449</u>
Total tax credit	<u>(54,003)</u>	<u>(92,260)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% from 19%, as previously enacted. This new law was substantively enacted on 24 May 2021. The deferred tax balances at 31 December 2021 have been calculated based on these enacted tax rates.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated tax depreciation	761,952
Tax losses carry-forward	(792,417)
Revaluation reserve	1,603,470
Revaluation of cash flow hedges	(428,581)
	<u>1,144,424</u>
2020	
Accelerated tax depreciation	612,254
Tax losses carry-forward	(587,484)
Revaluation reserve	1,218,637
Revaluation of cash flow hedges	-
	<u>1,243,407</u>

There are £39,897 of unused tax losses (2020 - £316,835) for which no deferred tax asset is recognised in the Balance Sheet.

Tax relating to items recognised in other comprehensive income or equity

	2021 £	2020 £
Deferred tax related to items recognised as items of other comprehensive income	<u>(43,748)</u>	<u>1,218,637</u>

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Intangible assets

	Goodwill £	Licence rights £	Total £
Cost or valuation			
At 1 January 2021	-	1,647,121	1,647,121
Transfer from investments (see note 13)	190,480	-	190,480
At 31 December 2021	190,480	1,647,121	1,837,601
Amortisation			
At 1 January 2021	-	462,386	462,386
Amortisation charge	-	89,119	89,119
At 31 December 2021	-	551,505	551,505
Carrying amount			
At 31 December 2021	190,480	1,095,616	1,286,096
At 31 December 2020	-	1,184,735	1,184,735

Licence rights represent amounts paid to secure electricity generation rights.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Tangible assets

	Plant and machinery £
Valuation	
At 1 January 2021	19,544,918
Additions	<u>257,308</u>
At 31 December 2021	<u>19,802,226</u>
Depreciation	
At 1 January 2021	3,170,258
Charge for the year	<u>1,365,960</u>
At 31 December 2021	<u>4,536,218</u>
Carrying amount	
At 31 December 2021	<u>15,266,008</u>
At 31 December 2020	<u>16,374,660</u>

There are charges over certain of the company's plant and machinery and leasehold interests in favour of Lloyds Bank plc acting as security agent for Scottish Widows Limited, a funding provider, for all amounts due to them.

Revaluation

On 7 December 2020 the company's plant and machinery was revalued to fair value on the basis of discounted cash flow projections based upon estimates of future cash flows.

The directors are satisfied that the carrying amount at the year end does not differ materially from the fair value of the plant and machinery.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £9,424,260 (2020 - £9,960,783).

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Investments

	2021 £	2020 £
Investments in subsidiaries	-	190,480
Subsidiaries		£
Cost or valuation		
At 1 January 2021		190,480
Transfer to goodwill		(190,480)
At 31 December 2021		-
Provision		
At 1 January 2021		-
At 31 December 2021		-
Carrying amount		
At 31 December 2021		-
At 31 December 2020		190,480

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Principal activity	Proportion of voting rights and shares held	
		2021	2020
Subsidiary undertakings			
Cambo House Power Limited	Dormant / dissolved 25 May 2021	0%	100%
Pant Wind Power Ltd	Dormant / dissolved 25 May 2021	0%	100%
Northern Wind Limited	Dormant / dissolved 21 December 2021	0%	100%

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Investments (continued)

The registered address for all of the subsidiaries is First Floor, River Court, The Old Mill Office Park, Mill Lane, Godalming, Surrey, England GU7 1EZ.

All subsidiaries are incorporated in England and Wales.

The cost of the company's investment in Cambo House Power Limited, Pant Wind Power Ltd and Northern Wind Limited reflected the underlying fair value of the net assets and goodwill at the time of acquisition. As a result of the subsequent hive up of the trade and assets of Cambo House Power Limited, Pant Wind Power Ltd and Northern Wind Limited to CWE Endurance Limited, the value of the company's investment in Cambo House Power Limited, Pant Wind Power Ltd and Northern Wind Limited fell below the amount at which it was stated in the company's accounting records. Accordingly the investment should be written down and charged as a loss in the company's profit and loss account however the directors consider that there has been no overall loss to the company and hence it would fail to give a true and fair view to charge the diminution and instead it should be reallocated to goodwill in CWE Endurance Limited so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets and goodwill.

14 Stock

	2021	2020
	£	£
Raw materials and consumables	<u>144,581</u>	<u>255,389</u>

15 Debtors

	2021	2020
	£	£
Current		
Trade debtors	50,746	25,140
Amounts due from group undertakings	-	1,415,107
Other debtors	44,787	100,783
Prepayments and accrued income	854,309	863,983
Group relief receivable	-	86,836
	<u>949,842</u>	<u>2,491,849</u>
Non-current		
Amounts due from group undertakings	-	10,673,794
	<u>949,842</u>	<u>13,165,643</u>

Details of non-current debtors

£nil (2020 - £10,673,794) of amounts due from group undertakings represents funding provided to a number of fellow group companies which is subject to the same repayment terms and interest rates as the Close Leasing Limited facilities.

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	17	-	1,461,734
Trade creditors		12,342	19,431
Amounts due to group undertakings		608,360	7,674,014
Other creditors		1,001	2,186
Accrued expenses		127,387	63,979
		<u>749,090</u>	<u>9,221,344</u>
Due after one year			
Loans and borrowings	17	14,131,376	17,049,324
Other non-current financial liabilities		1,714,323	-
		<u>15,845,699</u>	<u>17,049,324</u>

17 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	<u>-</u>	<u>1,461,734</u>
Non-current loans and borrowings		
Bank borrowings	-	17,049,324
Amounts due to group undertakings	<u>14,131,376</u>	<u>-</u>
	<u>14,131,376</u>	<u>17,049,324</u>

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Loans and borrowings (continued)

Borrowings

CWE Endurance Limited, along with certain other subsidiaries of Constantine Wind Energy Limited, had a loan of £18.6m with Close Leasing Limited until December 2022. The loan was secured by charges over the assets of the financing group in favour of Close Leasing Limited. On 5 January 2021 this bank loan was repaid in full and a new group banking facility of £96.2m with Scottish Widows Limited was agreed and drawn down in full by CWE B Limited as head of the new banking facility group, which includes CWE Endurance Limited. This new facility is secured by charges over the assets of this wider banking group in favour of Scottish Widows Limited. The loan is repayable in semi-annual payments to 31 March 2038 and is subject to a fixed interest rate of 2.12%, for the life of the loan, calculated by reference to an appropriate gilt yield rate, fixed at 0.12%, plus 2.0%.

Offset against the bank loans is £141,299 (2020 - £180,285) in respect of loan arrangement fees not amortised.

The amount falling due after more than five years is £10,007,091 (2020 - £nil).

18 Other financial liabilities

	2021 £	2020 £
Non-current financial liabilities		
Other non-current financial liabilities	1,714,323	-

Other financial liabilities comprise the entity's proportion of a back to back Treasury Service arrangement with CWE B Limited of an inflation rate swap in favour of CWE B Limited taken out as a condition of the group refinancing used to manage the inflation linked revenue received in its subsidiaries, which is designated as fair value through the hedging reserve. The fair value at the year end of £1,714,323 (2020 - £nil) is based on a mid-market marked to market valuation. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

19 Provisions for liabilities

	Deferred tax £
At 1 January 2021	1,243,407
Increase/(decrease) in existing provisions	(98,983)
At 31 December 2021	1,144,424

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

21 Reserves

Cash flow hedging reserve

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

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve £	Hedging reserve £	Total £
Income tax effect on tangible fixed asset revaluation	(384,833)	-	(384,833)
Unrealised loss on cash flow hedges before tax	-	(1,714,323)	(1,714,323)
Income tax effect on cash flow hedges	-	428,581	428,581
	<u>(384,833)</u>	<u>(1,285,742)</u>	<u>(1,670,575)</u>

22 Obligations under leases and hire purchase contracts

Operating leases

	2021 £	2020 £
Not later than one year	173,382	183,247
Later than one year and not later than five years	<u>137,717</u>	<u>-</u>
	<u>311,099</u>	<u>183,247</u>

Operating leases whose rental payments are based either entirely or partially upon turnover generated by a specific asset are recognised in the profit and loss account in the period in which the turnover is earned.

The amount of non-cancellable operating lease payments recognised as an expense during the year was £282,149 (2020 - £270,248).

CWE Endurance Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

23 Related party transactions

CWE Endurance Limited had a creditor of £nil (2020 - £5,762,407) due to Constantine Wind Energy Limited at the year end. This amount represents funding ultimately received from Constantine Wind Energy Limited is unsecured, repayable on demand and subject to interest at 8.0%.

CWE Endurance Limited had a net debtor of £nil (2020 - net debtor £1,755,941) due to CWE DS Limited; £nil (2020 - £1,402,355) due from CWE Gardrum Limited; £nil (2020 - £1,261,871) due from CWE NW3 Limited; £nil (2020 - £2,017,812) due from CWE RTW Limited; £nil (2020 - £2,793,957) due from CWE V27 Limited; £nil (2020 - £1,421,170) due from CWE WTN Limited; and £nil (2020 - £921,491) due from CWE X Limited. These amounts represent funding provided by CWE Endurance Limited and are subject to interest at a fixed rate of 5.57% - 6.25% and a variable rate of LIBOR + 3.3%.

CWE Endurance Limited had a creditor of £nil (2020 - £400,000) due to CWE Gardrum Limited which is unsecured, repayable on demand and interest free.

CWE Endurance Limited purchased repairs from Natural Generation Limited totalling £1,030,679 (2020 - £938,664). At the year end, £62,775 (2020 - £275,237) was outstanding and included in amounts due to group undertakings.

CWE Endurance Limited had a net creditor of £14,492,451 (2020 - £nil) due to CWE B Limited at the year end. This amount represents funding received from Scottish Widows Limited by CWE B Limited and is subject to interest at a fixed rate of 2.12%.

CWE Endurance Limited also has a Treasury Services agreement with CWE B Limited for an inflation rate swap and a non-current financial liability of £1,714,323 (2020 - £nil) has been recognised at the year end in respect of this agreement.

24 Parent and ultimate parent undertaking

The company's immediate parent is CWE B Limited.

The most senior parent entity producing publicly available financial statements is Constantine Wind Energy Limited. These financial statements are available upon request from Companies House.

The ultimate controlling party is Constantine Group Limited and Jemm Capital Limited, in so much as they act in concert.

The parent of the largest group in which these financial statements are consolidated is Constantine Wind Energy Limited, incorporated in England.

The address of Constantine Wind Energy Limited is First Floor, River Court, The Old Mill Office Park, Mill Lane, Godalming, Surrey GU7 1EZ.