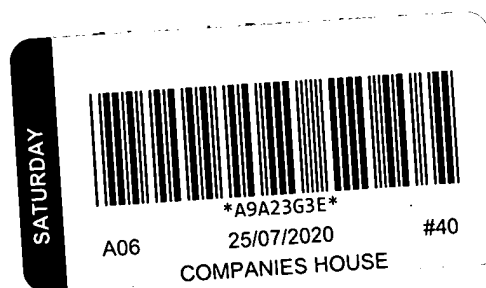


Company Registration No. 03137835 (England and Wales)

SUNPOWER GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



SUNPOWER GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D Dodd A Wall S Green
Secretary	D Dodd
Company number	03137835
Registered office	Orion House Calleva Park Aldermaston Reading Berkshire RG7 8SN
Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Bankers	National Westminster Bank Plc PO Box 2376 131 Crockhamwell Road Woodley Reading RG5 3JX

SUNPOWER GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

2019: Key performance indicators

The Group uses several key performance indicators ('KPIs') to manage and direct the performance of the business to consistently deliver a service which exceeds client expectations. These are then formally cascaded down to set the performance criteria of the senior management team, all of whom now have a significant element of their pay directly related to their successful delivery against KPIs pertinent to their functional area. With a HMRC-approved Enterprise Management Incentive scheme introduced in 2016 to ensure our staff are rewarded in line with shareholders and they can benefit from cross-divisional growth and ensure all our key staff look for cross-divisional sales opportunities.

2019: Financial performance

The directors note the financial results of the Group,

	2019	2018
Turnover	£15,028,971	£14,798,840
Gross Margin	£4,755,728	£4,953,342
Underlying EBITDA	£2,302,229	£2,455,704

The company's preferred measure of true underlying profitability – underlying EBITDA (underlying operating profit plus depreciation, amortisation, stock provisions, foreign exchange, profit/loss on sale of fixed assets, bad debt expense, one off directors pension costs, legal fees in relation to the group reconstruction and also the share based payment charge) saw a decrease from £2,455,704 for 2018 to £2,302,229 for the 12 months to 31 December 2019. The decrease of EBITDA for 2019 was mainly due to the weakening of the GBP which increased the cost of most of our products together with market selling price pressure.

Considering some of the challenges the company has encountered this year we are generally pleased with the financial results for the year.

SUNPOWER GROUP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2019: Our business

The market for Industrial power products, LED Drivers and LED fixtures continued to grow which in some areas has resulted in our need to realign pricing to remain competitive.

Whilst we saw initially good growth in our Point of Purchase power supply range the price point to continue in this market has proved a challenge. This, coupled with continuing risk associated with Retail outlets in the High street have meant that we were no longer prepared to address this volatile market sector and we made a conscious decision to withdraw from this market. Our decision to reduce our product offering to the ATM Banking sector has proved to be correct, with latest product forecasts for this technology on the decline (as we turn to a cashless society) the need for cash on demand machines continues to reduce, whilst both these sectors have impacted turnover and profit, we feel it has allowed for focus on newer and emerging markets.

Our focus on high value luxury consumer type industries and Home Health Electronics, as well as our technologically advanced commercial intelligent lighting solutions will continue to deliver opportunities where performance rather than price are the deciding factors. Focus on our custom power solutions will continue especially in the low to mid-range volume projects where price is not of such importance, this in turn will allow us to showcase our technology driven products.

Focus on the higher ticket item units for the Powered range of products will continue as we target opportunities where the customer is tired of low cost unreliable material entering the supply chain.

We have continued to expand our range of intelligent luminaires for industrial applications and are seeing good take up of this Value added Technology .

Discounting in the Electronics market continued and some of our mainline lower priced Industrial products are viewed as commodity items, more catalogue companies join the market wanting a slice of the "commodity cake", we will need to continue to look at stock holding and our own processes to ensure we can react and compete.

We should see price reductions from our supply chain as volumes we purchase increase, the challenge will be to plan stock holding to allow us to capitalise on these reductions as they get presented.

The continued investment in our CRM system is providing a clearer picture of our customer purchasing journey as well as an insight into our more popular searched items on our Web sites.

2019: Risks and uncertainties

The main financial risks arising from the company's activities are mostly the same as previous years; foreign exchange risk, credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made, existing customers credit limit and ratings are also reviewed on a regular basis. To mitigate default risk, the company also requires deposits with all bespoke orders and stage payments for longer-term projects.

The company does not have any bank loans.

In respect of liquidity risk, the Company maintains readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

Further details on the company and its globally recognised bespoke solutions can be found at the Group's websites: <http://www.sunpower-uk.com/> and <http://www.powerled.uk.com/about/>

SUNPOWER GROUP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

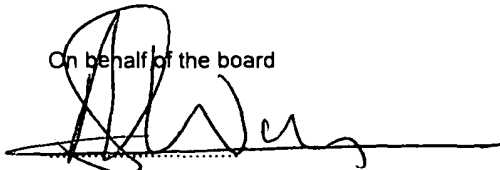
Post balance sheet events

The COVID 19 lockdown which started in March 2020 has had a massive impact to our business and the UK economy, this has so far resulted in many of our customers completely closing down during the Lockdown and others working with skeleton staff levels.

With a 50% reduction in business we have had no choice but to put several staff on the Furlough scheme, the remaining staff are either working from home where possible or practicing social distancing rules if they are required to work in the office or warehouse.

In order to preserve the company we are looking carefully at the running costs, staff levels and general overheads as we are uncertain how long it will be before business levels or the economy recovers. As at 16 July 2020 the company holds £2.57m in liquid funds, accordingly the accounts have been prepared a going concern basis.

On behalf of the board



A Wall

Director

Date: 23/07/2020

SUNPOWER GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Group in the period under review was that of the manufacture and marketing of power supplies and electronic lighting and their component parts to the wholesale and commercial sectors.

On 1 January 2019 the company acquired the trade and assets of Sunpower Electronics Limited and Powered (UK) Limited, the company's subsidiaries.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Dodd
M Rooker (Resigned 31 October 2019)
A Wall
S Green

Results and dividends

A summary of the results of the company are as follows:

	2019	2018
Turnover	£15,028,971	£14,798,840
Underlying EBITDA	£2,302,229	£2,455,704

Interim dividends were paid amounting to £632,252 (2018: £1,356,171) and were paid as follows:

	2019	2018
'A' Ordinary shares:	£250,125	£568,110
'B' Ordinary shares:	£250,125	£582,067
'C' Ordinary shares:	£50,000	£93,975
'D' Ordinary shares:	£50,000	£80,017
'J' Ordinary shares:	£32,002	£32,002

The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect to financial risks and uncertainties.

SUNPOWER GROUP HOLDINGS LIMITED

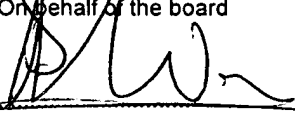
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A Wall
Director

Date: 23/07/2020

SUNPOWER GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNPOWER GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Sunpower Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 FRS 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's 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 group and parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNPOWER GROUP HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 6, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Paul Anthony (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TY

24 July 2020

SUNPOWER GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	15,028,971	14,798,840
Cost of sales		(10,273,243)	(9,845,498)
Gross profit		4,755,728	4,953,342
Administrative expenses		(3,833,062)	(3,548,837)
Operating profit	7	922,666	1,404,505
Interest receivable and similar income	9	3,380	2,190
Interest payable and similar expenses	10	(95)	(690)
Profit before taxation		925,951	1,406,005
Tax on profit	11	(368,884)	(376,650)
Profit for the financial year		557,067	1,029,355

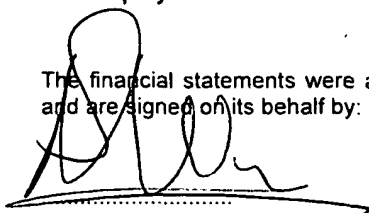
Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SUNPOWER GROUP HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	13	1,641,502		2,188,668	
Tangible assets	14	129,606		98,057	
Investments	15	732,410		839,996	
		<u>2,503,518</u>		<u>3,126,721</u>	
Current assets					
Stocks	18	2,743,890		1,618,318	
Debtors	19	3,308,539		3,830,537	
Cash at bank and in hand		2,648,595		2,456,874	
		<u>8,701,024</u>		<u>7,905,729</u>	
Creditors: amounts falling due within one year	20	<u>(2,478,859)</u>		<u>(2,682,781)</u>	
Net current assets		<u>6,222,165</u>		<u>5,222,948</u>	
Total assets less current liabilities		<u>8,725,683</u>		<u>8,349,669</u>	
Capital and reserves					
Called up share capital	23	416		403	
Share premium account	24	42,449		8,263	
Profit and loss reserves	24	8,682,818		8,341,003	
Total equity		<u>8,725,683</u>		<u>8,349,669</u>	

The financial statements were approved by the board of directors and authorised for issue on 23/7/20 and are signed on its behalf by:



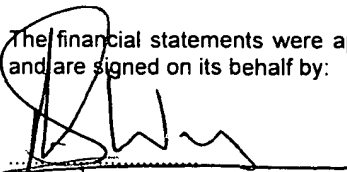
A Wall
Director

SUNPOWER GROUP HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		1,641,502		2,188,668
Tangible assets	14		129,606		98,057
Investments	15		732,410		2,486,832
			<u>2,503,518</u>		<u>4,773,557</u>
Current assets					
Stocks	18	2,743,890		-	
Debtors	19	3,308,539		424,558	
Cash at bank and in hand		2,648,595		1,497,352	
			<u>8,701,024</u>	<u>1,921,910</u>	
Creditors: amounts falling due within one year	20	(2,479,059)		(2,415,220)	
Net current assets/(liabilities)			<u>6,221,965</u>		<u>(493,310)</u>
Total assets less current liabilities			<u>8,725,483</u>		<u>4,280,247</u>
Capital and reserves					
Called up share capital	23		416		403
Share premium account	24		42,449		8,263
Profit and loss reserves	24		8,682,618		4,271,581
Total equity			<u>8,725,483</u>		<u>4,280,247</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £4,626,289 (2018 - £259,979 loss).

The financial statements were approved by the board of directors and authorised for issue on 23/7/20 and are signed on its behalf by:



A Wall
Director

SUNPOWER GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		403	8,263	8,667,819	8,676,485
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	1,029,355	1,029,355
Dividends	12	-	-	(1,356,171)	(1,356,171)
Balance at 31 December 2018		403	8,263	8,341,003	8,349,669
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	557,067	557,067
Issue of share capital	23	13	34,186	-	34,199
Dividends	12	-	-	(632,252)	(632,252)
Credit to equity for equity settled share-based payments	6	-	-	417,000	417,000
Balance at 31 December 2019		416	42,449	8,682,818	8,725,683

SUNPOWER GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		403	8,263	5,887,731	5,896,397
Year ended 31 December 2018:					
Loss and total comprehensive income for the year		-	-	(259,979)	(259,979)
Dividends	12	-	-	(1,356,171)	(1,356,171)
Balance at 31 December 2018		403	8,263	4,271,581	4,280,247
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	4,626,289	4,626,289
Issue of share capital	23	13	34,186	-	34,199
Dividends	12	-	-	(632,252)	(632,252)
Credit to equity for equity settled share-based payments	6	-	-	417,000	417,000
Balance at 31 December 2019		416	42,449	8,682,618	8,725,483

SUNPOWER GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	31	1,361,591		2,777,687	
Interest paid		(95)		(690)	
Income taxes paid		(473,833)		(343,980)	
Net cash inflow from operating activities		887,663		2,433,017	
Investing activities					
Purchase of tangible fixed assets		(101,269)		(50,606)	
Proceeds on disposal of tangible fixed assets		-		10,552	
Interest received		3,380		2,190	
Net cash used in investing activities		(97,889)		(37,864)	
Financing activities					
Proceeds from issue of shares		34,199		-	
Dividends paid to equity shareholders		(632,252)		(1,356,171)	
Net cash used in financing activities		(598,053)		(1,356,171)	
Net increase in cash and cash equivalents		191,721		1,038,982	
Cash and cash equivalents at beginning of year		2,456,874		1,417,892	
Cash and cash equivalents at end of year		2,648,595		2,456,874	

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Sunpower Group Holdings Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office and principle place of business is Orion House, Calleva Park, Aldermaston, Reading, Berkshire, RG7 8SN.

The group consists of Sunpower Group Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared with the adoption of the FRS 102 Triennial Review 2017 amendments in full. This is the first set of financial statements where the Triennial Review amendments have been adopted. There have been no changes to amounts presented in respect of transactions or balances in any of the main statements as a result of adoption of the changes, but certain disclosures have been updated in line with the new requirements.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Sunpower Group Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements merge the results of the parent company and its subsidiaries as if they had been combined throughout the current and comparative accounting periods. The total comprehensive income, assets and liabilities of the entities are amended where necessary to align the accounting policies. The carrying value of the entities assets and liabilities are not adjusted to fair value. Any difference between the nominal value of shares issued by the parent company for the acquisition of the shares of the subsidiaries plus the fair value of other consideration and the nominal value of shares received in the subsidiaries is reflected as a merger reserve in the consolidated financial statements.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The results of AXG Lighting Technology Limited and SMPS Power Technology Limited have not been consolidated into the group financial statements on the grounds of immateriality in accordance with Companies Act 2006 section 405 paragraph 2.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have assessed the impact of the Covid-19 Pandemic on the future outlook for the business. The directors consider that the company will remain profitable and will remain a going concern.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Tangible fixed assets are measured at cost net of accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Office equipment	33.33% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Sunpower Group Holdings Limited has elected to adopt the cost model.

The company is a designated member of Freeman Moore Investments LLP. The investment is carried at cost.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors have considered whether any critical estimates or judgements have been made in the preparation of these financial statements and they believe there are none to note.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Industrial	9,337,185	9,607,598
Lighting	2,533,278	2,092,653
Online	219,588	156,416
Wholesale	2,938,920	2,942,173
	<u>15,028,971</u>	<u>14,798,840</u>

	2019 £	2018 £
Other revenue		
Interest income	3,380	2,190
	<u>3,380</u>	<u>2,190</u>

	2019 £	2018 £
Turnover analysed by geographical market		
Europe	715,083	634,518
Great Britain	12,405,725	11,908,182
Rest of the world	1,908,163	2,256,140
	<u>15,028,971</u>	<u>14,798,840</u>

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administration	14	15	14	15
Sales	11	13	11	13
Operations	13	12	13	12
	<u>38</u>	<u>40</u>	<u>38</u>	<u>40</u>

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	1,582,455	1,751,075	1,582,455	1,751,075
Social security costs	174,500	213,334	174,500	213,334
Pension costs	30,215	35,076	30,215	35,076
Cost of employee share schemes	417,000	-	417,000	-
	<u>2,204,170</u>	<u>1,999,485</u>	<u>2,204,170</u>	<u>1,999,485</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	167,166	289,206
Company pension contributions to defined contribution schemes	13,710	20,313
	<u>180,876</u>	<u>309,519</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	122,406
Company pension contributions to defined contribution schemes	n/a	7,955
	<u>n/a</u>	<u>130,361</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Share-based payment transactions

On 1 December 2016 Sunpower Group Holdings Limited adopted an equity incentive plan for the benefit of certain employees of the group which is an equity settled share option plan.

Under the company plan, share options are granted at an HMRC approved price of £30 per share. The employee is entitled to exercise a proportion of the share options from 1 January 2017 and then each year over a period of 5 years subject to ongoing employment as well as being subject to performance conditions. During the year all share options under this scheme were cancelled and replaced by an issue of new share options.

On 1 March 2019 Sunpower Group Holdings Limited granted 3,734 share options at an HMRC approved price of £24.89 per share. The employee is entitled to exercise a proportion of the share options each year over a period of 6 years subject to ongoing employment as well as being subject to performance conditions. In April 2019, 1,374 of these options were exercised.

Group and company	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 January 2019	631	631	30.00	30.00
Granted	3,734	-	24.89	-
Lapsed	(631)	-	30.00	-
Exercised	(1,374)	-	24.89	-
	<u>2,360</u>	<u>631</u>	<u>24.89</u>	<u>30.00</u>
Outstanding at 31 December 2019	<u>2,360</u>	<u>631</u>	<u>24.89</u>	<u>30.00</u>
Exercisable at 31 December 2019	<u>-</u>	<u>631</u>	<u>-</u>	<u>30.00</u>

The options outstanding at 31 December 2019 had an exercise price of £24.89, and a remaining contractual life of 5 years.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Share-based payment transactions (Continued)

	Group 2019 £	2018 £	Company 2019 £	2018 £
Expenses recognised in the year				
Arising from equity settled share based payment transactions	417,000	-	417,000	-

7 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	99,436	52,072
Depreciation of owned tangible fixed assets	69,720	77,514
Amortisation of intangible assets	547,166	547,166
Stocks impairment losses recognised or reversed	(17,114)	39,585
Share-based payments	417,000	-
Operating lease charges	124,765	106,962

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of £99,436 (2018 - a loss of £52,072).

8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	32,000	21,315
Audit of the financial statements of the company's subsidiaries	-	12,500
	32,000	33,815

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	3,094	1,468
Other interest income	286	722
Total income	3,380	2,190

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	18	296
Other interest	77	394
	<u>95</u>	<u>690</u>
Total finance costs	<u>95</u>	<u>690</u>

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	379,740	379,859
Adjustments in respect of prior periods	1,561	(1,190)
	<u>381,301</u>	<u>378,669</u>
Total current tax	<u>381,301</u>	<u>378,669</u>
Deferred tax		
Origination and reversal of timing differences	(12,417)	(2,390)
Adjustment in respect of prior periods	-	371
	<u>(12,417)</u>	<u>(2,019)</u>
Total deferred tax	<u>(12,417)</u>	<u>(2,019)</u>
Total tax charge	<u>368,884</u>	<u>376,650</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>925,951</u>	<u>1,406,005</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	175,931	267,141
Tax effect of expenses that are not deductible in determining taxable profit	25,436	1,999
Adjustments in respect of prior years	1,561	(1,190)
Effect of change in corporation tax rate	-	280
Permanent capital allowances in excess of depreciation	103,962	108,049
Other permanent differences	60,800	-
Deferred tax adjustments in respect of prior years	1,194	371
Taxation charge	<u>368,884</u>	<u>376,650</u>

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation (Continued)

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

12 Dividends

	2019 £	2018 £
Interim paid	<u>632,252</u>	<u>1,356,171</u>

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	5,471,664
Amortisation	
At 1 January 2019	3,282,996
Amortisation charged for the year	547,166
At 31 December 2019	3,830,162
Carrying amount	
At 31 December 2019	1,641,502
At 31 December 2018	2,188,668
Company	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	3,830,166
Amortisation	
At 1 January 2019	1,641,498
Amortisation charged for the year	547,166
At 31 December 2019	2,188,664
Carrying amount	
At 31 December 2019	1,641,502
At 31 December 2018	2,188,668

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Tangible fixed assets

Group	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2019	82,549	398,454	110,148	591,151
Additions	4,609	64,060	32,600	101,269
At 31 December 2019	87,158	462,514	142,748	692,420
Depreciation				
At 1 January 2019	78,237	356,959	57,898	493,094
Depreciation charged in the year	3,612	41,575	24,533	69,720
At 31 December 2019	81,849	398,534	82,431	562,814
Carrying amount				
At 31 December 2019	5,309	63,980	60,317	129,606
At 31 December 2018	4,312	41,495	52,250	98,057
Company				
	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2019	67,921	332,976	110,148	511,045
Additions	4,609	64,060	32,600	101,269
At 31 December 2019	72,530	397,036	142,748	612,314
Depreciation				
At 1 January 2019	63,609	291,481	57,898	412,988
Depreciation charged in the year	3,612	41,575	24,533	69,720
At 31 December 2019	67,221	333,056	82,431	482,708
Carrying amount				
At 31 December 2019	5,309	63,980	60,317	129,606
At 31 December 2018	4,312	41,495	52,250	98,057

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	-	1,646,836
Unlisted investments		732,410	839,996	732,410	839,996
		<u>732,410</u>	<u>839,996</u>	<u>732,410</u>	<u>2,486,832</u>

Movements in fixed asset investments

Group	Investments other than loans £
Cost or valuation	
At 1 January 2019 and 31 December 2019	<u>839,996</u>
Impairment	
At 1 January 2019	-
Impairment losses	<u>107,586</u>
At 31 December 2019	<u>107,586</u>
Carrying amount	
At 31 December 2019	<u>732,410</u>
At 31 December 2018	<u>839,996</u>

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2019 and 31 December 2019	1,646,836	839,996	2,486,832
Impairment			
At 1 January 2019	-	-	-
Impairment losses	-	107,586	107,586
Transfer of trade	1,646,836	-	1,646,836
At 31 December 2019	1,646,836	107,586	1,754,422
Carrying amount			
At 31 December 2019	-	732,410	732,410
At 31 December 2018	1,646,836	839,996	2,486,832

On 1 January 2019 the trade and assets of the subsidiary companies, Powerled (UK) Limited and Sunpower Electronics Limited, were hived up into Sunpower Group Holdings Limited. As a result of the hive up the investment in the subsidiaries has been written down.

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
AXG Lighting Technology Limited a)		Dormant	Ordinary	100.00
Powerled (UK) Limited a)		Providing lighting equipment in commercial power sector	A Ordinary	100.00
SMPS Power Technology Limited a)		Dormant	Ordinary	100.00
Sunpower Electronics Limited a)		Providing lighting equipment in industrial power sector	A Ordinary	100.00

a) Orion House, Calleva Park, Aldermaston, Reading, RG7 8SN

AXG Lighting Technology Limited and SMPS Power Technology Limited are exempt from audit under Companies Act 2006 section 480.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Acquisitions

On 1 January 2019 Sunpower Group Holdings Limited hived up the trade and assets of Powered (UK) Limited, a subsidiary company, to include them in the parent company.

	Book Value £
Inventories	651,613
Trade and other receivables	1,823,347
Cash and cash equivalents	360,444
Trade and other payables	(646,359)
Tax liabilities	(102,832)
Total identifiable net assets	2,086,213
Goodwill	-
Total consideration	2,086,213
Satisfied by:	£
Deemed dividend	2,086,213

On 1 January 2019 Sunpower Group Holdings Limited hived up the trade and assets of Sunpower Electronics Limited, a subsidiary company, to include them in the parent company.

	Book Value £
Inventories	966,705
Trade and other receivables	3,811,866
Cash and cash equivalents	599,078
Trade and other payables	(1,645,978)
Tax liabilities	(101,827)
Total identifiable net assets	3,629,844
Goodwill	-
Total consideration	3,629,844
Satisfied by:	£
Deemed dividend	3,629,844

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	2,743,890	1,618,318	2,743,890	-

19 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	2,722,781	2,985,088	2,722,781	-
Other debtors	5,548	1,965	5,548	359,671
Prepayments and accrued income	551,215	826,906	551,215	48,309
	3,279,544	3,813,959	3,279,544	407,980
Deferred tax asset (note 21)	28,995	16,578	28,995	16,578
	3,308,539	3,830,537	3,308,539	424,558

During the year an impairment loss of £8,755 (2018: £32,708) was recognised in respect of trade debtors.

20 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	1,457,932	1,457,759	1,457,932	121,683
Amounts owed to group undertakings	-	-	-	1,871,529
Corporation tax payable	155,509	248,041	155,509	43,382
Other taxation and social security	242,825	238,304	242,825	53,356
Other creditors	186,368	221,331	186,568	221,531
Accruals and deferred income	436,225	517,346	436,225	103,739
	2,478,859	2,682,781	2,479,059	2,415,220

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Assets 2019 £	Assets 2018 £
Group		
Accelerated capital allowances	12,141	16,578
Other short term differences	16,854	-
	<u>28,995</u>	<u>16,578</u>
	Assets 2019 £	Assets 2018 £
Company		
Accelerated capital allowances	12,141	16,578
Other short term differences	16,854	-
	<u>28,995</u>	<u>16,578</u>
	Group 2019 £	Company 2019 £
Movements in the year:		
Liability/(asset) at 1 January 2019	(16,578)	(16,578)
Credit to profit or loss	(12,417)	(12,417)
Liability/(asset) at 31 December 2019	<u>(28,995)</u>	<u>(28,995)</u>

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>30,215</u>	<u>35,076</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end there were outstanding pension contributions of £4,993 (2018: £nil) included within creditors.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
14,500 (2018: 14,500) Ordinary A shares of 1p each	145	145
14,500 (2018: 14,500) Ordinary B shares of 1p each	145	145
5,760 (2018: 5,760) Ordinary I shares of 1p each	58	58
2,500 (2018: 2,500) Ordinary C shares of 1p each	25	25
2,500 (2018: 2,500) Ordinary D shares of 1p each	25	25
1,649 (2018: 275) Ordinary F shares of 1p each	16	3
240 (2018: 240) Ordinary J shares of 1p each	2	2
	<u>416</u>	<u>403</u>

On 26 November 2018 the company re-designated 1,900 Ordinary B shares as 1,900 Ordinary D shares.

The Ordinary A shares, Ordinary B shares, Ordinary C shares, Ordinary D shares and Ordinary F shares are entitled to full voting, dividend and capital distribution rights (including on a winding up) and do not confer any rights of redemption.

The Ordinary I shares and Ordinary J shares have no voting rights. They have full rights to dividends, capital distribution rights (including on a winding up, though only to the nominal amount paid up or credited as paid up on such shares), and do not confer any rights of redemption.

On 17 April 2019 the company issued 1,374 Ordinary F shares of 1p each for consideration of £24.89 per share.

24 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

25 Financial commitments, guarantees and contingent liabilities

The company is registered with H M Revenue and Customs as a member of a group for VAT purposes and a result is jointly and severally liable on a continuing basis from amounts owing by other members of that group in respect of unpaid VAT. The total value of the VAT liability of the group at 31 December 2019 was £212,989 (2018: £184,948).

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	42,940	99,297	42,940	99,297
Between one and five years	8,151	20,777	8,151	20,777
	<u>51,091</u>	<u>120,074</u>	<u>51,091</u>	<u>120,074</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	-	40,000	-	40,000
	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>

28 Events after the reporting date

The directors have assessed the impact of the Covid-19 Pandemic on the future outlook for the business. Whilst the pandemic is seen as having a significant impact on the overall business, it still remains resilient due to the ongoing orders, although at a reduced level and the strong cash position. The business has made use of the government schemes where appropriate and is continuing to assess the running costs, staff levels and general overheads. The directors consider that the company will remain profitable and will remain a going concern.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	<u>692,390</u>	<u>540,886</u>

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions (Continued)

During the prior year the company sold two cars to Freeman Moore LLP for £10,553, a partnership in which the company has an investment.

During the year the company paid £78,000 (2018: £72,000) of rent and £90,000 (2018: £95,000) for services provided to Freeman Moore Investments LLP.

Dividends of £100,000 (2018: £173,992) were paid during the year to the wives of directors and shareholders.

30 Directors' transactions

Dividends totalling £560,280 (2018: £1,150,177) were paid in the year in respect of shares held by the company's directors.

At the year end the company owed A J B Wall and his partner £186,368 (2018: £221,331).

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Director loan - A J B Wall	-	-	777	777
Director loan - D Dodd	-	-	2,179	2,179
		<u>-</u>	<u>2,956</u>	<u>2,956</u>

The director loan balances are interest free and payable on demand. Since the year end the amounts have been repaid.

SUNPOWER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	557,067	1,029,355
Adjustments for:		
Taxation charged	368,884	376,650
Finance costs	95	690
Investment income	(3,380)	(2,190)
Amortisation of intangible assets	547,166	547,166
Depreciation of tangible fixed assets	69,720	77,514
Impairment of fixed asset investments	107,586	-
Equity settled share based payment expense	417,000	-
Movements in working capital:		
(Increase)/decrease in stocks	(1,125,572)	50,863
Decrease in debtors	534,415	577,898
(Decrease)/increase in creditors	(111,390)	119,741
Cash generated from operations	1,361,591	2,777,687

32 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	2,456,874	191,721	2,648,595