

**SUNPOWER GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

SUNPOWER GROUP HOLDINGS LIMITED

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u> to <u>3</u>
Directors' Report	<u>4</u>
Statement of Directors' Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6</u> to <u>8</u>
Profit and Loss Account	<u>9</u>
Balance Sheet	<u>10</u>
Statement of Changes in Equity	<u>11</u>
Statement of Cash Flows	<u>12</u>
Notes to the Financial Statements	<u>13</u> to <u>26</u>

SUNPOWER GROUP HOLDINGS LIMITED

Company Information

Directors	D Dodd A Wall S Green R Parr
Company secretary	D Dodd
Registered office	Orion House Calleva Park Aldermaston Reading RG7 8SN
Bankers	National Westminster Bank Plc PO Box 2376 131 Crockhamwell Road Woodley Reading RG5 3JX
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

SUNPOWER GROUP HOLDINGS LIMITED

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the wholesale of electrical goods.

Our business

After a promising start to the year 2020 turned from a year with plans for growth to a focus on customer retention and overhead reduction, National Lockdown due to the Covid 19 pandemic created a completely new set of unforeseen challenges.

Our lighting sector customers were severely impacted with wholesalers and their customer base forced into temporary closure whilst new safe working protocols and social distancing measures were created and implemented. Our industrial sector was hit with manufacturing again having to make adjustments to the "new normal"

Whilst trading was severely impacted some market sectors adapted quickly to the changes which allowed us to trade on a day-by-day basis, our overseas market continued to trade as did our medical products sector.

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

Key performance indicators

The company 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 (SMT), 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 (EMI) 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.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£	12,175,063	15,028,971
Gross profit	£	3,727,722	4,755,736
Underlying EBITDA	£	1,774,085	2,302,229

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) saw a decrease from £2,302,229 for 2019 to £1,774,085 for the 12 months to 31 December 2020. The decrease of EBITDA for 2020 was mainly due to the COVID – 19 Lockdown.

Principal 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 customer credit limit ratings are also reviewed on a regular basis. To mitigate default risk, the company also requires deposits with all bespoke order 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 deposit and current accounts which earn interest at a floating rate.

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

SUNPOWER GROUP HOLDINGS LIMITED

Strategic Report for the Year Ended 31 December 2020

Future developments

With the implementation of new accounting and operational software due to be installed towards the end of 2021, we are hoping this will bring new efficiencies to both accounting and operating processes, this will reduce the need to increase head count to support the anticipated growth over the forthcoming years.

Approved by the Board on 20 September 2021 and signed on its behalf by:

D Dodd
Director

SUNPOWER GROUP HOLDINGS LIMITED

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

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

D Dodd - Company secretary and director

A Wall

S Green

The following director was appointed after the year end:

R Parr (appointed 27 April 2021)

Dividends

Dividends amounting to £1,306,060 (2019 - £632,252) were paid in the year. 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.

Going concern

In accordance with Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2006' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient financial resources available and is currently trading profitably and generating cash. The directors have prepared forecasts for the next 12 months that indicate that this trend will continue. The directors believe that the company has sufficient resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken the 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Hazlewoods LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 20 September 2021 and signed on its behalf by:

D Dodd
Director

SUNPOWER GROUP HOLDINGS LIMITED

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.

SUNPOWER GROUP HOLDINGS LIMITED

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 'company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

SUNPOWER GROUP HOLDINGS LIMITED

Independent Auditor's Report to the Members of Sunpower Group Holdings Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of 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 Strategic Report and 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006, and taxation laws;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgments made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

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.

SUNPOWER GROUP HOLDINGS LIMITED

Independent Auditor's Report to the Members of Sunpower Group Holdings Limited

Use of this 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.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court

Staverton

Cheltenham

GL51 0UX

22 September 2021

SUNPOWER GROUP HOLDINGS LIMITED

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	<u>3</u>	12,175,063	15,028,971
Cost of sales		<u>(8,447,341)</u>	<u>(10,273,235)</u>
Gross profit		3,727,722	4,755,736
Administrative expenses		(2,883,203)	(3,725,480)
Other operating income	<u>4</u>	<u>156,752</u>	<u>-</u>
Operating profit	<u>5</u>	1,001,271	1,030,256
Income from shares in group undertakings	<u>6</u>	-	5,716,054
Amounts written off investments	<u>13</u>	(33,890)	(1,754,422)
Other interest receivable and similar income		3,723	3,380
Interest payable and similar charges		<u>(54)</u>	<u>(95)</u>
Profit before tax		971,050	4,995,173
Taxation	<u>10</u>	<u>(286,125)</u>	<u>(368,884)</u>
Profit for the financial year		<u>684,925</u>	<u>4,626,289</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 13 to 26 form an integral part of these financial statements.

SUNPOWER GROUP HOLDINGS LIMITED

(Registration number: 03137835)

Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	<u>11</u>	1,094,302	1,641,502
Tangible assets	<u>12</u>	95,180	129,606
Investments	<u>13</u>	698,528	732,418
		<u>1,888,010</u>	<u>2,503,526</u>
Current assets			
Stocks	<u>14</u>	2,710,912	2,743,890
Debtors	<u>15</u>	3,741,317	3,308,539
Cash at bank and in hand		2,933,222	2,648,595
		<u>9,385,451</u>	<u>8,701,024</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(3,087,979)</u>	<u>(2,479,067)</u>
Net current assets		<u>6,297,472</u>	<u>6,221,957</u>
Net assets		<u>8,185,482</u>	<u>8,725,483</u>
Capital and reserves			
Called up share capital	<u>20</u>	416	416
Share premium reserve		42,449	42,449
Profit and loss account		<u>8,142,617</u>	<u>8,682,618</u>
Total equity		<u>8,185,482</u>	<u>8,725,483</u>

Approved and authorised by the Board on 20 September 2021 and signed on its behalf by:

D Dodd
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

SUNPOWER GROUP HOLDINGS LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	403	8,263	4,271,581	4,280,247
Profit for the year	-	-	4,626,289	4,626,289
Dividends	-	-	(632,252)	(632,252)
New share capital subscribed	13	34,186	-	34,199
Share based payment transactions	-	-	417,000	417,000
At 31 December 2019	416	42,449	8,682,618	8,725,483

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2020	416	42,449	8,682,618	8,725,483
Profit for the year	-	-	684,925	684,925
Dividends	-	-	(1,306,060)	(1,306,060)
Share based payment transactions	-	-	81,134	81,134
At 31 December 2020	416	42,449	8,142,617	8,185,482

The notes on pages 13 to 26 form an integral part of these financial statements.

SUNPOWER GROUP HOLDINGS LIMITED

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		684,925	4,626,289
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	613,136	616,875
Deemed dividend on acquisition		-	(5,716,054)
Impairment of investments		33,890	1,754,422
Finance income		(3,723)	(3,380)
Finance costs		54	95
Share based payment transactions		81,134	417,000
Income tax expense	<u>10</u>	286,125	368,884
		<u>1,695,541</u>	<u>2,064,131</u>
Working capital adjustments			
Decrease/(increase) in stocks	<u>14</u>	32,978	(1,125,572)
(Increase)/decrease in trade debtors	<u>15</u>	(411,695)	2,763,649
Increase/(decrease) in trade creditors	<u>17</u>	457,213	(2,340,617)
		<u>1,774,037</u>	<u>1,361,591</u>
Cash generated from operations			
Income taxes paid	<u>10</u>	(155,509)	(473,833)
Net cash flow from operating activities		<u>1,618,528</u>	<u>887,758</u>
Cash flows from investing activities			
Interest received		3,723	3,380
Acquisitions of tangible assets		(31,510)	(101,269)
Cash transferred on acquisition		-	959,522
Net cash flows from investing activities		<u>(27,787)</u>	<u>861,633</u>
Cash flows from financing activities			
Interest paid		(54)	(95)
Proceeds from issue of ordinary shares, net of issue costs		-	34,199
Dividends paid	<u>22</u>	(1,306,060)	(632,252)
Net cash flows from financing activities		<u>(1,306,114)</u>	<u>(598,148)</u>
Net increase in cash and cash equivalents		284,627	1,151,243
Cash and cash equivalents at 1 January		<u>2,648,595</u>	<u>1,497,352</u>
Cash and cash equivalents at 31 December		<u><u>2,933,222</u></u>	<u><u>2,648,595</u></u>

The notes on pages 13 to 26 form an integral part of these financial statements.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

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

The address of its registered office is:
Orion House
Calleva Park
Aldermaston
Reading
RG7 8SN

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 for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Group accounts not prepared

The financial statements present information about the company as an individual undertaking and not its group. Although the Companies Act 2006 requires medium sized groups to prepare consolidated accounts, the company has not prepared them on the basis that the results and net assets of the subsidiary undertakings are not material to the group.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for good 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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

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 rates prevailing on the initial transaction dates.

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 the profit and loss account, 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 corporation 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.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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 year straight line
Fixtures and fittings	5 year straight line
Office equipment	3 year straight line
Motor vehicles	5 year straight line

Intangible assets

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.

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
Goodwill	10 year straight line

Previously purchased goodwill was transferred into the company at Net book value at the date that this was acquired. The original cost of this goodwill was £5,471,664. At the date of the transfer there was 7 years of useful life remaining.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade 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. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. 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 debtors.

Stocks

Stocks are 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 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, stocks are assessed for impairment. If stocks are 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.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if 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 all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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.

Financial Instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets:

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

The analysis of the company's turnover for the year by class of business is as follows:

	2020 £	2019 £
Industrial	8,370,170	9,337,185
Lighting	1,353,806	2,533,278
Online	177,679	219,588
Wholesale	2,273,408	2,938,920
	<u>12,175,063</u>	<u>15,028,971</u>

The analysis of the company's turnover for the year by market is as follows:

	2020 £	2019 £
Great Britain	10,260,043	12,405,725
Europe	393,041	715,083
Rest of the World	1,521,979	1,908,163
	<u>12,175,063</u>	<u>15,028,971</u>

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Other operating income

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

	2020	2019
	£	£
Government grants	156,752	-

Government grants relate to the Coronavirus Job Retention Scheme introduced by the Government to support businesses who have seen an impact on operations during the recent pandemic. Grants received have been recognised within 'other operating income' with the respective salary costs included within wages and salaries. The accounting policy adopted is set out in Note 2 to the financial statements.

5 Operating profit

Arrived at after charging/(crediting):

	2020	2019
	£	£
Depreciation expense	65,936	69,984
Amortisation expense	547,200	547,166
Foreign exchange (gains)/losses	(15,579)	99,436
Operating lease expense - property	72,000	78,181
Operating lease expense - other	29,724	46,584

6 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2020	2019
	£	£
Income from shares in group undertakings	-	5,716,054

On 1 January 2019, Sunpower Group Holdings Limited hived up the trade and assets of Sunpower Electronics Limited and Powered (UK) Limited, both subsidiary companies, to include them in the parent company. The consideration received was equal to the net assets transferred and was treated as a deemed dividend.

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	1,337,331	1,582,455
Social security costs	167,978	187,706
Pension costs	41,845	30,215
Share-based payment expenses	81,134	417,000
	1,628,288	2,217,376

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

	2020 No.	2019 No.
Administration	14	14
Sales	10	11
Operations	11	13
	<u>35</u>	<u>38</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	122,972	167,166
Contributions paid to money purchase schemes	21,116	13,710
	<u>144,088</u>	<u>180,876</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

9 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>17,400</u>	<u>32,000</u>

10 Taxation

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

	2020 £	2019 £
Current taxation		
UK corporation tax	307,207	379,740
UK corporation tax adjustment to prior periods	-	1,561
	<u>307,207</u>	<u>381,301</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(21,021)	(12,417)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(61)	-
	<u>(21,082)</u>	<u>(12,417)</u>
Total deferred taxation		
	<u>286,125</u>	<u>368,884</u>

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	971,050	4,995,173
Corporation tax at standard rate	184,500	949,083
Effect of expense not deductible in determining taxable profit (tax loss)	1,136	1,110
Tax increase from effect of capital allowances and depreciation	103,968	103,962
Increase in UK current tax from adjustment for prior periods	-	1,561
Deferred tax credit from unrecognised temporary difference from a prior period	(61)	-
Deferred tax (credit)/expense relating to changes in tax rates or laws	(3,418)	2,071
Tax decrease from effect of dividends from UK companies	-	(1,086,051)
Tax effect on partnership profits	-	3,978
Permanent tax impact of investment impairment	-	333,340
Other permanent differences	-	59,830
Total tax charge	286,125	368,884

Deferred tax

Deferred tax assets and liabilities

	Asset £
2020	
Fixed asset timing differences	15,817
Share based payment timing differences	33,914
Short term timing differences	347
	50,078
2019	
Fixed asset timing differences	12,141
Share based payment timing differences	16,551
Short term timing differences	303
	28,995

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Intangible assets

	Goodwill £
Cost	
At 1 January 2020	3,830,166
Amortisation	
At 1 January 2020	2,188,664
Amortisation charge	<u>547,200</u>
At 31 December 2020	<u>2,735,864</u>
Carrying amount	
At 31 December 2020	<u><u>1,094,302</u></u>
At 31 December 2019	<u><u>1,641,502</u></u>

12 Tangible assets

	Plant and equipment £	Furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2020	87,158	462,514	142,748	692,420
Additions	<u>-</u>	<u>31,510</u>	<u>-</u>	<u>31,510</u>
At 31 December 2020	<u>87,158</u>	<u>494,024</u>	<u>142,748</u>	<u>723,930</u>
Depreciation				
At 1 January 2020	81,849	398,534	82,431	562,814
Charge for the year	<u>1,768</u>	<u>40,235</u>	<u>23,933</u>	<u>65,936</u>
At 31 December 2020	<u>83,617</u>	<u>438,769</u>	<u>106,364</u>	<u>628,750</u>
Carrying amount				
At 31 December 2020	<u><u>3,541</u></u>	<u><u>55,255</u></u>	<u><u>36,384</u></u>	<u><u>95,180</u></u>
At 31 December 2019	<u><u>5,309</u></u>	<u><u>63,980</u></u>	<u><u>60,317</u></u>	<u><u>129,606</u></u>

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Investments

	2020 £	2019 £
Investments in subsidiaries	8	8
Investments in associates	698,520	732,410
	<u>698,528</u>	<u>732,418</u>

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

Associates

£

Cost

At 1 January 2020 839,996

Provision

At 1 January 2020 107,586

Provision 33,890

At 31 December 2020 141,476

Carrying amount

At 31 December 2020 698,520

At 31 December 2019 732,410

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	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
AXG Lighting Technology Limited	United Kingdom	Ordinary	100%	100%
Powered (UK) Limited	United Kingdom	Ordinary	100%	100%
SPMS Power Technology Limited	United Kingdom	Ordinary	100%	100%
Sunpower Electronics Limited	United Kingdom	Ordinary	100%	100%
Associates				
Freeman Moore Investments LLP	United Kingdom	Members share	33.3%	33.3%

All subsidiary undertakings are dormant. The principal activity of Freeman Moore Investments LLP is that of consultancy services.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	2,710,912	2,743,890

15 Debtors

	Note	2020 £	2019 £
Trade debtors		2,918,102	2,722,781
Other debtors		1,700	5,548
Prepayments		771,437	551,215
Deferred tax assets	10	50,078	28,995
		3,741,317	3,308,539

16 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	112	246
Cash at bank	2,933,110	2,648,349
	2,933,222	2,648,595

17 Creditors

	Note	2020 £	2019 £
Due within one year			
Trade creditors		2,049,668	1,457,932
Social security and other taxes		438,666	242,825
Other creditors		31,576	186,576
Accrued expenses		260,862	436,225
Corporation tax liability	10	307,207	155,509
		3,087,979	2,479,067

18 Pension and other schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £41,845 (2019 - £30,215).

Contributions totalling £4,257 (2019 - £4,993) were payable to the scheme at the end of the year and are included in creditors.

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

19 Share-based payments

Scheme details and movements

On 1 December 2016, Sunpower Group Holdings Limited adopted an equity settled share option plan for the benefit of certain employees of the company.

Under the company plan, share options were granted at an HMRC approved price of £30 per share. The employee was entitled to exercise a proportion of their share options each year over a period of five years subject to ongoing employment as well as being subject to performance conditions. During the prior 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 new 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 six years subject to ongoing employment as well as being subject to performance conditions.

The movements in the number of share options during the year were as follows:

	2020 Number	2019 Number
Outstanding, start of period	2,360	631
Granted during the period	-	3,734
Forfeited during the period	-	(631)
Exercised during the period	-	(1,374)
Outstanding, end of period	2,360	2,360
Exercisable, end of period	394	-

The movements in the weighted average exercise price of share options during the year were as follows:

	2020 £	2019 £
Outstanding, start of period	24.89	30.00
Granted during the period	-	24.89
Forfeited during the period	-	30.00
Exercised during the period	-	24.89
Outstanding, end of period	24.89	24.89
Exercisable, end of period	24.89	-

The options outstanding at 31 December 2020 have an exercise price of £24.89 (2019 - £24.89), and a remaining contractual life of four years (2019 - five years).

Effect of share-based payments on profit or loss and financial position

The total expense recognised in profit or loss for the year was £81,134 (2019 - £417,000).

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

20 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary A of £0.01 each	14,500	145	14,500	145
Ordinary B of £0.01 each	14,500	145	14,500	145
Ordinary C of £0.01 each	2,500	25	2,500	25
Ordinary D of £0.01 each	2,500	25	2,500	25
Ordinary F of £0.01 each	1,649	16	1,649	16
Ordinary I of £0.01 each	5,760	58	5,760	58
Ordinary J of £0.01 each	240	2	240	2
	<u>41,649</u>	<u>416</u>	<u>41,649</u>	<u>416</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The Ordinary A shares, Ordinary B shares, Ordinary C shares, Ordinary D shares, Ordinary E shares, Ordinary F shares are entitled to full voting, dividend and capital distribution rights (including on 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 and capital distributions (including on 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.

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	88,802	42,940
Later than one year and not later than five years	<u>102,287</u>	<u>8,151</u>
	<u>191,089</u>	<u>51,091</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £105,632 (2019 - £99,663).

22 Dividends

	2020	2019
	£	£
Dividends paid	<u>1,306,060</u>	<u>632,252</u>

SUNPOWER GROUP HOLDINGS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

23 Related party transactions

Key management compensation

The remuneration of key management personnel of the company, who are also directors, is as follows:

	2020 £	2019 £
Salaries and other short term employee benefits	605,150	692,390

Transactions with directors

Dividends totalling £1,061,980 (2019 - £560,280) were paid during the year in respect of shares held by the company's directors. A further £180,000 (2019 - £100,000) of dividends were paid to the directors wives in their capacity as shareholders.

	At 1 January 2020 £	Repayments by director £	At 31 December 2020 £
2020			
A Wall			
Director loan	777	(777)	-
D Dodd			
Director loan	2,179	(2,179)	-
	At 1 January 2019 £	Advances to directors £	At 31 December 2019 £
2019			
A Wall			
Director loan	-	777	777
D Dodd			
Director loan	-	2,179	2,179

The director loan balances are interest free and have no fixed repayment terms.

Other related party transactions

During the year the company paid £72,000 (2019 - £72,000) of rent and £85,000 (2019 - £90,000) for services provided by Freeman Moore Investments LLP, a partnership in which the company has an investment.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.